



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended October 31, 2017

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

TOWER RESOURCES LTD.
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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”). This report also provides information to improve the readers’ understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the audited financial statements of the Company for the year ended October 31, 2017 (“Financial Statements”). The following discussion is dated and current as of February 13, 2018. 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.

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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

Tower is incorporated under the Business Corporations Act (BC) and is listed on the TSX Venture Exchange (“TSX-V”). 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 currently holds four mineral exploration projects located in British Columbia. The Company is currently focused on the multidisciplinary program at the Rabbit North copper-gold property and exploration of the Nechako Gold and More Creek Gold properties.

Overall performance

Operating expenses for the year ended October 31, 2017 were \$766,902 versus \$357,368 in the comparative period ended October 31, 2016. The increase in expenses in the current period was primarily attributable to higher investor relations, accounting, legal, travel and promotion, and share-based compensation which was partially offset by lower consulting fees in the current period (further discussed in the “Results of Operations” section). In addition, the Company wrote down the JD property to \$1 during the prior year which was the primary factor in a loss and comprehensive loss of \$2,900,243 (versus a loss and comprehensive loss of \$662,441 in the current year). The current year loss and comprehensive loss includes a gain on sale of net smelter returns royalty of \$92,698 (2016 - \$nil) and a gain on rehabilitation obligations of \$11,763 (2016 - \$nil).

The Company had a net increase in cash during the year ended October 31, 2017 of \$1,349,379 versus a net increase of \$734,452 in the comparative period. The increase in the current period is primarily attributable to proceeds from private placements, the sale of NSR royalties on exploration and evaluation assets, which was partially offset by exploration and evaluation assets expenditures of \$1,723,572 compared to \$179,188 in the comparative period ended October 31, 2016. Refer to the “Summary of Exploration Activities” for further discussion of the expenditures and properties.

Corporate activities

In November 2016, the Company issued 80,000 common shares pursuant to the exercise of 80,000 warrants for proceeds of \$12,000.

In February 2017, the Company granted 850,000 stock options with an exercise price of \$0.16 for a term of five years to various directors and consultants of the Company.

In February 2017, the Company entered into an amended agreement pursuant to which the terms of the Rabbit North option agreement were revised such that the timing of the completion of the \$2,000,000 cumulative exploration expenditures was extended to July 23, 2019, in consideration for the Company agreeing to issue to the optionors an aggregate of 200,000 common shares.

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Corporate activities (continued)

In March 2017, the Company entered into certain agreements with Sandstorm Gold Ltd. (“Sandstorm”). Under the terms of the agreements, the Company received a total of \$500,000 in return for granting Sandstorm a two percent (2%) NSR on the Company’s Rabbit North Extension, Nechako Gold and More Creek properties. The Company will have the option to buy back one percent (1%) of the NSR on each of the properties from Sandstorm for cash consideration of \$500,000 per property. In addition, the Company will assign Sandstorm the right to purchase one percent (1%) of Tower’s two percent buyback right underlying the Rabbit North property.

In April 2017, the Company completed a private placement for 23,022,231 units at a price of \$0.145 per unit for gross proceeds of \$3,338,224. Each unit consisted of one common share and one-half share purchase warrant which will entitle the holder of each full warrant to acquire an additional common share of the Company at a price of \$0.22 per share for a period of 60 months. Finder’s fees and expenses of \$363,111 were paid in connection with this financing of which \$204,701 was paid in cash and \$158,410 was paid through the issuance of 1,085,620 agent’s warrants.

In May 2017, the Company granted 200,000 stock options with an exercise price of \$0.16 for a term of three years to a consultant of the Company, and 150,000 stock options with an exercise price of \$0.16 for a term of five years to an employee of the Company.

In May 2017, the Company appointed Garrett MacDonald, MBA, P. Eng. as a technical advisor to the Board of Directors. In addition, the Company granted 100,000 stock options with an exercise price of \$0.16 for a term of five years to Mr. MacDonald.

In July 2017, the Company issued 100,000 common shares pursuant to the exercise of 100,000 warrants for proceeds of \$15,000.

In July 2017, the Company issued 200,000 common shares valued at \$45,000 pursuant to the Rabbit North property amendment agreement, 150,000 common shares valued at \$40,500 pursuant to the Chutanli property option agreements, and 100,000 common shares valued at \$25,000 pursuant to the Porphyry property option agreements.

In July 2017, the Company appointed Leah Hodges as Corporate Secretary of the Company.

In September 2017, the Company granted 650,000 stock options with an exercise price of \$0.16 for a term of five years to certain directors and officers of the Company and 250,000 stock options with an exercise price of \$0.16 for a term of five years to consultants and an employee of the Company.

Summary of Exploration Activities

For the year ended October 31, 2017, the Company incurred \$1,522,393 in exploration and evaluation asset expenditures compared to \$521,290 for the corresponding year ended October 31, 2016. The Company also recorded an impairment of \$2,542,875 in the prior year in connection with the termination of the JD property option agreement, and wrote off the Baez and Waterloo properties.

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Summary of Exploration Activities (continued)

The following is a breakdown of the components of the Company's exploration and evaluation assets, on a property by property basis, for the year ended October 31, 2017:

	JD	Baez	Waterloo	Rabbit North	Nechako Gold	More Creek	Total
	\$	\$	\$	\$	\$		\$
Balance, October 31, 2016	1	-	-	1,410,090	75,798	42,300	1,528,189
Acquisition costs	-	-	-	145,553	85,500	-	231,053
Deferred costs							
Assays	-	-	-	99,922	2,398	13,607	115,927
Drilling	-	-	-	618,185	23,989	-	642,174
Equipment rental	-	-	-	18,173	1,491	-	19,664
Field supplies	-	-	-	13,768	1,761	320	15,849
Food	-	-	-	11,707	141	1,413	13,261
Geologist	-	-	-	244,160	32,198	30,765	307,123
Helicopter	-	-	-	-	-	36,481	36,481
Site development	-	-	-	-	4,160	-	4,160
Surveys	-	-	-	-	63,975	-	63,975
Travel	-	-	-	25,276	16,904	25,468	67,648
Vehicle	-	-	-	4,920	158	-	5,078
Total costs incurred during the year	-	-	-	1,181,664	232,675	108,054	1,522,393
Recovery from sale of royalty	-	-	-	(156,084)	(102,408)	(39,021)	(297,513)
Balance, October 31, 2017	1	-	-	2,435,670	206,065	111,333	2,753,069

Rabbit North property

The Rabbit North property 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. Under the terms of an agreement dated July 11, 2013, Tower can earn a 100% interest in the optioned portion of the property by making cash payments of \$170,000 and issuing one million common shares over a 4-year period, to the vendors, in addition to funding aggregate exploration expenditures of \$2,000,000 over a 5-year period. The agreement is subject to a 3% NSR, 2% of which can be purchased by Tower for \$3,500,000, thereby reducing the NSR to 1%.

In addition, in March 2017, the Company entered into certain net smelter returns ("NSR") royalty agreements with Sandstorm. Under the terms of the agreements, the Company received \$200,000 in return for granting Sandstorm a two percent (2%) NSR on the Company's Rabbit North property. The Company will have the option to buyback one percent (1%) of the NSR from Sandstorm for cash consideration of \$500,000. In addition, the Company will assign Sandstorm the right to purchase one percent (1%) of Tower's two percent buyback right underlying the Rabbit North property.

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Rabbit North property (continued)

The property is located in the Kamloops mining division of south-central British Columbia and is accessible by road from Kamloops. It is approximately 14.5 kilometres west of the New Afton underground Cu-Au mine operated by New Gold Inc. (Measured and Indicated Mineral Resources of 51.8 million tonnes at 1.26% Cu, 0.91 grams per tonne (g/t) Au, 2.9 g/t silver and .11 g/t palladium at 0.5% Cu cutoff; New Gold Inc. website) and 28 kilometres east-northeast of the Highland Valley open pit Cu mine, Canada's largest copper producer, operated by Teck Resources Limited.

The property is prospective for alkalic porphyry Cu-Au mineralization similar to that at New Afton and Ajax. Porphyry-related mineralization and alteration are documented in two host rock types on the property: (1) a 2 x 3 kilometre, Late Triassic to Early Jurassic alkaline intrusive complex termed the Durand Stock; and (2) adjacent volcanic country rocks of the Upper Triassic Nicola Group. The stock is on the optioned claims, which are on the highest part of the property, and thus is well exposed whereas the bedrock on the staked claims is largely covered by glacial till.

The Durand Stock is compositionally zoned with a porphyritic monzonite core and diorite rim. It is of approximately the same relative age as the Iron Mask batholith that host the Ajax and New Afton mines, respectively. Copper mineralization within the stock and surrounding Nicola volcanics is characterized by disseminated and blebby chalcopyrite (+/- bornite) and pyrite associated with varying degrees of potassic, sodic and propylitic alteration.

Historical exploration on the property was concentrated on the well exposed Durand Stock within the present optioned claims; the remainder of the property was covered by an airborne magnetic survey in 2013 but is otherwise essentially unexplored due to the extensive till cover.

The earliest exploration was performed by major companies, mainly Kennco, Noranda and Cominco, in the 1960s and 1970s followed by junior companies ProAm Exploration and Auterra Ventures in the late 1990s and early 2000s. The exploration programs consisted of shallow diamond drilling, percussion drilling, soil and organic geochemical surveys and various geophysical surveys. Collectively, the historical work outlined numerous porphyry-related targets associated with the Durand Stock that Tower investigated in detail during the 2013 and 2014 field seasons, then drilled in 2016.

An 11-hole, 3,397 m diamond drilling program was completed on the Rabbit North property in September-October 2016. The drill core assays were received in Q1 of 2017.

The drilling tested five targets – Western Magnetite, Central Monzonite South, Chrysocolla East and Dominic – that were identified on or near the Durand Stock in the Company's 2013-2014 prospecting program or/and interpreted from the historical exploration data. The best results were obtained from Hole RN-008 on the Western Magnetite Zone. This hole was drilled near a short percussion drill hole, No. P70-01, that was drilled in 1970 and bottomed in 6.1 m of mineralization grading 0.38% Cu with Au not assayed.

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Rabbit North property (continued)

Hole RN-008 was collared in bedrock on the western edge of the Durand Stock and drilled to the east but encountered Nicola volcanics rather than the diorite that rims the stock. Starting at surface, it intersected 200 metres of mineralized volcanics grading 0.30% Cu and 0.15 g/t Au (0.42% Cu equivalent at current metal prices), including a 72 m interval of 0.47% copper and 0.20 g/t gold (0.63% copper equivalent; see Tower press release, December 8, 2016), surpassing the results from all historical drilling on the property. The average 0.30% Cu content of the 200 m mineralized section is similar to the grades at operating open pit mines in the region that produce only Cu (no Au). At the Highland Valley mine, feed grade for the first nine months of 2016 averaged 0.31% Cu and at the Copper Mountain Mine it averaged 0.33% Cu over the same period. (See Teck Resources Ltd. third-quarter results for 2016 (press release October 27, 2016) and Copper Mountain Mining Corp. third-quarter financial results (press release November 7, 2016)).

Holes RN-009, 010 and 011 were drilled from the same collar as Hole 008 but were oriented northeast, vertically and southeast, respectively. They intersected mineralization of a similar tenor but across shorter sections, in part due to the presence of post-mineralization dykes. The best intervals were 2 m of 0.58% Cu and 0.13 g/t Au in Hole 009, 40 m of 0.33% Cu and 0.19 g/t Au in Hole 010 and 30 m of 0.26% Cu and 0.14 g/t Au in Hole 11.

The Western Magnetite Zone was targeted because porphyry Cu systems are systematically zoned and the highest-grade Cu mineralization tends to occur in the core zone where the temperature was highest and high-temperature minerals, principally magnetite and chalcopyrite, were stable. Some magnetite-pyrite veins were intersected in association with the weak mineralization in Hole 009, and also in Holes 001 and 002 which were drilled southwest of Holes 008 to 011 near the centre of the targeted magnetic anomaly. However, the stronger and more continuous Cu-Au mineralization in Holes 008, 010 and 011 occurs in demagnetized volcanics where both the early magnetite and the primary, iron-bearing mafic phenocrysts in the volcanics have been replaced by chalcopyrite, pyrite and biotite and major albite flooding has occurred, particularly in a hydrothermal breccia zone in Hole 11. These findings suggest that the best exploration targets at Rabbit North are not the historically targeted magnetic highs in the Durand Stock but rather magnetic lows that interrupt magnetic highs, especially in Nicola volcanics adjacent to or overlying this stock or any similar intrusions that may be hidden beneath the extensive till cover elsewhere on the property.

Of the five remaining holes, Nos. 003 and 004 targeted the Central Monzonite South target which straddles the contact between the monzonite core and diorite rim of the Durand Stock, Nos 005 and 007 tested the Chrysocolla East target which is on the southern contact of the stock and No. 006 was drilled on Dominic, a deep porphyry target. The Central Monzonite South and Chrysocolla East targets were established from high Cu-Au values obtained from surface samples collected during the 2013-2014 prospecting program while Dominic is inferred from coincident chargeability and magnetic highs identified in the earlier geophysical surveys. The best drilling results were obtained from Hole 003 which intersected 102 m of mineralized monzonite containing 0.28 g/t Au but only 0.06% Cu, contrasting with the more Cu-rich, volcanic-hosted mineralization in Holes 008 and 009.

The 2016 Rabbit North drilling, core logging and sampling activities were supervised by Nils Peterson, M.Sc., P.Geo., former Chief Geologist for the Company. The drill core samples, generally 2 metres in length, were split at Tower's core logging facility in Kamloops, BC, and prepared for analysis at ALS Minerals' preparation laboratory in Kamloops, BC. The samples were analyzed at ALS's ISO 17025:2005-certified North Vancouver laboratory for gold, platinum and palladium by fire assay and ICP-AES and for 35 elements, including copper, molybdenum and silver, by ICP-AES using an aqua regia digestion. Overlimit (>1%) copper analyses were repeated using the same procedures but at a different detection range. QA/QC samples including blanks, standards and duplicate samples were inserted regularly into the sample sequence at a ratio of approximately 1:10.

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Rabbit North property (continued)

A follow-up diamond drill program commenced on May 18, 2017 with a focus on following up on highly encouraging results returned from the Western Magnetite Zone during the 2016 drill program. In total, 3325.81m of diamond drilling was completed in 10 drillholes between late May and early July 2017. Final assay results were received and released during Q3 of 2017.

Of the 2017 drillholes, 8 drillholes were completed from 3 pad locations within the Western Magnetite Zone and 2 drillholes from a single pad location at the Chrysocolla Zone. Results from the 2017 diamond drill program were significant and represented the best results drilled to date on the Rabbit North property. Long intervals of porphyry related copper and gold mineralization in several holes at the Western Magnetite Zone, including 247 metres of 0.51% Copper and 0.34 g/t Gold (0.75% CuEq) in drillhole RN17-015.

Drill hole RN17-015 was drilled in the Western Magnetite Zone (WMZ), an area of copper and gold porphyry mineralization predominantly hosted in Nicola volcanoclastic rocks on the western edge of the Durand stock, a Late Triassic monzonite to diorite composite intrusion. The vertical drill hole was collared 180 metres southeast of 2016 drill hole RN-008. Drill hole RN17-015 is considered a substantial step-out from RN-008 and thereby expands and upgrades the zone of known porphyry related mineralization at the Western Magnetite Zone.

Mineralization in RN17-015 begins at 208 meters downhole, and consists of chalcopyrite and lesser pyrite as fine-grained disseminations associated with intense, overprinting inner propylitic (chlorite, magnetite, epidote, carbonate) and sodic (albite) alteration of host Nicola Group volcanoclastic rocks. Higher-grade zones are defined by breccia-hosted chalcopyrite and pyrite mineralization. Here, hydrothermal-breccia hosted mineralization is dominantly coarse chalcopyrite clots in a gangue of chlorite+/-pyrite+/-carbonate +/- epidote. Mineralization styles and alteration assemblages described above are considered common to many alkalic porphyry systems in BC.

Drillhole RN17-018 was collared as a 110m step-out to the southeast from RN17-015. RN17-018 was an angled hole (Azimuth 315, -60 dip). Mineralization in RN17-018 starts at the top-of-bedrock and consists of chalcopyrite and pyrite occurring in veinlets and disseminations in mafic volcanics and within hydrothermal breccias. Alteration consists of strong, overprinting, sodic, potassic and inner propylitic assemblages in host Nicola Group volcanoclastic rocks.

Further mineralized intervals of significance were also returned, including from RN17-014 (220m of 0.15% Cu and 0.09g/t Au) and RN17-015 (20.5m of 0.27% Cu and 0.16 g/t Au). Strongly altered and variably mineralized zones were intersected in all holes drilled in 2017 at the Western Magnetite Zone. The strength of alteration and grade of mineralization drilled over the 2017 season is considered highly encouraging and will be followed up with further diamond drilling and targeting work once data compilation and interpretation is complete.

The 2017 Rabbit North drilling, core logging and sampling activities are supervised by Paola Chadwick, P.Geol., Exploration Manager for the Company. The drill core samples, generally 2 metres in length, are split at Tower's core logging facility in Kamloops, BC, and prepared for analysis and analyzed at Activation Laboratories (ActLabs) in Kamloops, BC, an ISO/IEC 17025 Accredited (Lab 790) by the Standards Council of Canada. Samples are analyzed for gold by fire assay and ICP-OES and for 37 elements, including copper and silver, by ICP-OES using a four-acid, near-total digestion. Overlimit (>1%) copper analyses were repeated using the same procedures but at a different detection range. QA/QC samples including blanks, standards and duplicate samples were inserted regularly into the sample sequence at a ratio of approximately 1:10.

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Rabbit North property (continued)

Q4 Activities

Work on Rabbit North during Q4 was limited due to a focus on other projects within the Tower portfolio. Limited re-logging of drillcore was completed and integrated into the deposit model. Plans for Q1 and Q2 of 2018 include further re-logging of 2016 and 2017 drillcore at the WMZ, remapping of core areas on the property, and expanding ground geophysical coverage. Integration and interpretation of new and historic geological and geophysical data will be utilised for drill hole targeting in 2018.

More Creek

On August 16, 2016 Tower staked the 6,430 hectare More Creek property, 120 kilometres north of Stewart in northwest British Columbia. The More Creek property is located near the centre of the Golden Triangle mineral district, approximately 55 kilometres north of Pretium Resources' Brucejack development project which contains a Measured and Indicated mineral resource of 9.1 million ounces of gold, at an average grade of 17.2 grams per tonne, at the Valley of the Kings deposit (see Pretium's July 21st, 2016 press release). The property is considered prospective for epithermal gold and silver mineralization and is close to significant infrastructure including Highway 37, the Northwest Transmission Line and an air-strip, all of which are only 10 kilometers to the east.

The More Creek property is centered on a 1 kilometre high mountain known as Lawrence Peak. Previous work on the property was focused on a prominent, rusty gossan, visible from the air and known as the Sinter zone, atop one of the ridges of Lawrence Peak. Geological mapping and geochemical sampling on the Sinter zone by Noranda and Corona in the early 1990s and subsequent reconnaissance mapping by Barrick Gold and Teck Resources between 2000 and 2005 outlined a zone, up to 2 kilometers long, of strong silicification, argillic alteration and hydrothermal brecciation associated with a regional fault that cuts volcanic and siliciclastic rocks of the Triassic Stuhini Group. Alteration zones of this type commonly cap epithermal gold deposits but generally contain little if any gold.

Geochemically, in rocks, soils and creek-bed silts, the epithermal style of the alteration is confirmed by highly anomalous levels of the pathfinder elements antimony, arsenic and mercury, but not of gold. However, Noranda reported highly anomalous gold assays from the pan concentrate of a silt sample collected at the mouth of a creek draining northward from the mountain. Based on the reported intensity of alteration, associated anomalous pathfinder element geochemistry and especially the presence of anomalous gold in silts topographically below the exposed alteration zone, the Sinter zone may represent the upper, barren zone of an epithermal gold system. This concept has not yet been tested by systematic diamond drilling.

In late September 2016, Tower geologists completed a short property visit during which they performed limited prospecting and rock sampling on the Sinter zone, mainly from new outcrops that had been recently exposed by meltback of a small ice field that covers part of the zone. Strong alteration, pyritic vein stockworks, hydrothermal brecciation, and textures indicative of fluid boiling and gas escape – essential features of an epithermal system – were observed. Subsequent analysis of the rock samples showed anomalous levels of arsenic and mercury (tens to hundreds of ppm) in some of the same samples but only sub-ppm levels of silver and ppb levels of gold. These results are consistent with the interpretation of the Sinter Zone representing the highest levels of a mineralized epithermal system.

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More Creek (continued)

In addition, three samples of sand and gravel weighing approximately 15 kg were collected from the beds of active streams at lower elevations to determine whether the gold that Noranda recovered below the mountain by panning was derived from the Sinter zone or from another, undiscovered mineralized zone either on the mountain or elsewhere. The samples were collected from the following sites: (a) the same site as Noranda's anomalous sample, near the mouth of the principal creek that drains northward from the largest catchment basin on the mountain; (b) a small tributary creek that drains westward from the area of the Sinter zone into the main creek; and (c) from the main creek south of – i.e. upstream from – the junction of the eastern tributary.

The samples were tested in Ottawa for gold grains and related indicator minerals by Overburden Drilling Management Limited (ODM), specialists in indicator mineral exploration techniques. The sample from the mouth of the main creek yielded 38 gold grains, confirming the Noranda anomaly. The sample from the eastern tributary yielded 100 grains of cinnabar, the most common mercury-bearing mineral, but no gold grains, confirming the known low ratio of Au to Hg in the exposed part of the Sinter zone. Most importantly, the sample collected from the main creek above the junction with the cinnabar-bearing creek yielded 41 gold grains, indicating that the source of Noranda's original Au anomaly is in the upper part of the drainage basin which extends approximately 5 kilometres upstream from the sample site.

The bedrock mineralization from which the gold grains are derived is clearly located on the mountain because all of the other indicator minerals in the gravel are compatible with the rock formations that comprise this mountain; i.e. the gold grains were not carried onto the mountain from the west by the Cordilleran ice sheet that formerly covered the area. Of the 41 gold grains recovered from the upstream sample, most are sand-sized whereas more than 90% of gold in bedrock occurs as much smaller, silt sized grains. The bias toward coarse gold grains indicates almost total loss of the finer, more plentiful grains during transport and deposition of the gravel and reflects the steep gradient and consequent high flow rate of the creek at the point where the sample was collected. Therefore the 41 recovered grains are remnants of a much larger original population and understate both the strength of the gold anomaly and the potential significance of the bedrock source mineralization.

Q4 Activities

Fieldwork on the More Creek property was undertaken from August 4th through 14th, 2017. Property-wide geological mapping, prospecting and geochemical silt, soil and rock sampling was completed to better evaluate the mineral potential of the property and delineate both the presence and controls of mineralization on the property.

The work program was designed to assess the source of the gold grains and develop a more robust geological model for the property to guide further exploration activities. Focus areas included favourable structural setting, areas of historic work, newly exposed outcrops at the base of the glacier at the head of the anomalous drainage basin, and underexplored areas below treeline. In total, 389 silt samples were taken from all major and minor accessible tributaries on the property. A further 10 soil samples and 43 rock samples were taken from areas of alteration on the property. No notable results were returned from geochemical sampling completed in 2018.

In March 2017, the Company entered into a net smelter returns royalty agreement with Sandstorm. Under the terms of the agreements, the Company will receive \$50,000 in return for granting Sandstorm a two percent (2%) NSR on the Company's More Creek property. The Company will have the option to buyback one percent (1%) of the NSR from Sandstorm for cash consideration of \$500,000.

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Nechako Gold

On July 12, 2016 Tower signed two option agreements to acquire a total of 2,975 hectares of prospective mineral exploration ground in the Nechako Plateau region of central British Columbia. The centre of the consolidated land package, now referred to as the Nechako Gold property, is approximately 30 kilometres northeast of the development-stage Blackwater Gold project, currently controlled by New Gold Inc. Blackwater contains a proven and probable total mineral reserve of 8.2 million ounces of gold with 60.8 million ounces of silver (source: New Gold Inc. website). The optioned properties are largely till covered with negligible outcrop but, based on a few known mineral showings on and near the properties, geochemical anomalies identified down-ice in regional till surveys, and favourably altered drill core and a Blackwater-type induced polarization anomaly obtained during limited historical exploration on the properties, the land package is deemed prospective for Blackwater-type epithermal gold and silver mineralization and porphyry-related copper and gold mineralization.

Porphyry Property Option

The Porphyry Property consists of four mineral tenures totaling 1,236 hectares. Under the terms of an option agreement dated July 06, 2016, Tower can earn a 100% interest in the property by making cash payments totaling \$40,000 and issuing 400,000 common shares over a 2-year period, to the vendor, in addition to funding aggregate exploration expenditures of \$250,000 over a 2-year period. The agreement is subject to a 1.5% NSR, all of which can be purchased by Tower for \$1,000,000.

Chutanli Property Option

The Chutanli Property consists of six mineral tenures totaling 1,737 hectares. Under the terms of an option agreement dated July 10, 2016, Tower can earn a 100% interest in the property by making cash payments totaling \$60,000 and issuing 600,000 common shares over a 3-year period, to the vendor, in addition to funding aggregate exploration expenditures of \$225,000 over a 2-year period. The agreement is subject to a 1.5% NSR, all of which can be purchased by Tower for \$1,000,000.

Brewster and Stubb Properties

Subsequent to entering into the option agreements, Tower staked two additional properties, Brewster and Stubb, in the Nechako Plateau region of central British Columbia. These properties are considered prospective for Blackwater-type gold and silver mineralization.

The Brewster property is centered 7 kilometres northwest of the Nechako Gold property and covers 1930 hectares. It was staked primarily because of compelling geophysical data. Recent induced polarization geophysical surveys (BC Assessment Reports 29890 and 30554) that covered most of the property outlined two high-chargeability anomalies locally coincident with high-resistivity anomalies, a response similar to that over the Blackwater deposit

The Stubb property is centered 20 kilometres northwest of the Nechako Gold property and covers 1040 hectares. It was staked to capture the interpreted source of a glacial dispersal anomaly in zinc, copper and arsenic, with lesser gold and silver, identified from a government till geochemistry database. The indicated combination of anomalous elements is enticing because the till down-ice from the Blackwater deposit is similarly anomalous in zinc, arsenic, gold and silver.

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Nechako Gold (continued)

In October 2016, ODM conducted systematic till surveys for Tower on parts of the Nechako Gold and Stubb properties to determine whether the apparent dispersal anomalies that had been identified in the government surveys were derived from bedrock mineralization within the properties. ODM is highly regarded as a global leader in heavy mineral geochemistry and indicator mineral exploration, which are considered critical tools for exploration in areas such as the Nechako Plateau that are extensively masked by glacial till.

Thirty-nine till samples, including three duplicates for quality control purposes, were collected on the Nechako Gold property and nine samples were collected on Stubb. The samples were collected in a rough grid pattern, ideally at 300 metre intervals on lines spaced 1 kilometre apart and oriented perpendicular to the direction of ice flow which in this area was east-northeast.

Each till sample weighed 12 to 13 kg and contained approximately 2 to 3 kg of pebbles larger than 2 mm and 10 kg of silty-sandy matrix finer than 2 mm. ODM tested the -2 mm matrix fraction at its Ottawa indicator mineral laboratory for gold grains and possible related indicator minerals. The gold grains were concentrated from the till by gravity tabling, then separated from the table concentrates by micro-panning and examined by binocular microscope. The size of each gold grain was measured and its present physical condition, which reflects the distance of glacial transport and thus geographically constrains the bedrock source of the gold, was classified as either pristine, significantly modified or fully reshaped.

Following examination, the gold grains were returned to the table concentrates. These primary concentrates were then further concentrated to a consistent specific gravity greater than 3.2, and the resulting smaller, refined concentrates were searched visually for grains of key indicator minerals that are commonly associated with the alteration zones of gold and porphyry copper deposits. In addition, a small split of the -0.063 mm silt fraction of each sample was submitted to an ISO-certified geochemical laboratory, Activation Laboratories Limited (Actlabs) in Ancaster, Ontario, for chemical analysis. Gold and arsenic were determined by INA while silver and base metals were analyzed by ICP/AES using an aqua regia leach. Quality control was provided by the duplicate samples that were collected in the field and by inserting a proprietary till standard that is visually indistinguishable from survey samples.

Interpretation of gold grain data from the Blackwater–Nechako region is relatively straightforward because the gold grain background of the till is known, from a survey performed by ODM across the 30 km wide Blackwater property using the same sample size, spacing and treatment as at Nechako, to be 0 to 9 grains per sample. In the same survey, a straight, 1.3 km wide gold grain dispersal train was traced 3 km down-ice from the Blackwater gold deposit. Every sample collected within this train was anomalous, yielding from 10 to 641 gold grains with the highest gold concentrations occurring directly over the Blackwater deposit, while every sample alongside and up-ice from the train contained less than 10 gold grains.

In Tower's survey, all nine samples from the Stubb property and six contiguous samples from the northwest corner of the Nechako Gold property yielded only background levels of 0 to 8 gold grains, clearly indicating that the bedrock in these areas is not significantly mineralized. In contrast, the other 33 samples from the Nechako Gold property, including the three duplicates, were significantly anomalous, yielding from 11 to 268 grains per sample. More than 90% of these gold grains were silt sized, i.e. less than 0.063 mm in width which is the normal size for gold grains in bedrock and also in till; the grains do not break down to smaller particles during transport because they are malleable.

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Nechako Gold (continued)

The strongest part of the Nechako anomaly is in the centre of the property. It is 2 km wide and 3 km long, or almost twice the size of the Blackwater dispersal train. A high proportion of the gold grains within this area are still pristine, suggesting that the bedrock source mineralization is also centrally located within the property. However, the anomaly is only partially defined and its peak strength and ultimate source are presently unknown because approximately 50% of the till within the geographic limits of the anomaly is covered by younger sand and gravel and thus could not be sampled. These cover sediments were deposited in the delta of a meltwater spillway.

Some technical information stated above is historical in nature and has been compiled from sources believed to be accurate. This technical information has not been verified by Tower and may in some instances be unverifiable, dependent on the existence of all historical grab and trench samples and drill core. Management also cautions that mineral resources on nearby properties are not necessarily indicative of the results that may be achieved on the subject property. Overburden Drilling Management Ltd. was founded in 1974 by Mr. Stuart Averill who is also a member of the Board of Directors of Tower. Mr. Averill currently serves as ODM's Chairman but no longer owns the company.

In March 2017, the Company entered into certain net smelter returns royalty agreements with Sandstorm. Under the terms of the agreements, the Company received \$250,000 in return for granting Sandstorm a two percent (2%) NSR on the Company's Nechako Gold property. The Company will have the option to buyback one percent (1%) of the NSR from Sandstorm for cash consideration of \$500,000.

Tower's 2017 exploration program on the Nechako Gold property commenced with the mobilization of ground geophysical crews to the property in early June. Induced polarization and ground magnetics surveys are near completion on the property for an approximated 23 line kilometers of grid coverage over core target areas of the property. The survey grid was planned to delineate structure, to identify areas of favourable geology and alteration, and to further constrain target areas of gold mineralization.

A Multi-Year Area Based (MYAB) Mines Act exploration permit from the provincial Ministry of Energy and Mines for reverse circulation and diamond drilling has been received. Permits include allowances for 100 RC drillsites, 30 diamond drill sites, 10 km of existing exploration access modification, and 5 km of new exploration access construction over a five-year period ending August 13, 2022.

Q4 Activities

Compilation of 2017 ground geophysical surveys, 2016 till sampling, historic drill results and underlying geology was completed, and targets were developed and prioritized. Drillcore from 2013 drilling by redhill Resources in the center of the property was relogged in detail. A program shallow reverse circulation (RC) drilling has been designed to; 1) sample till for gold grain and indicator mineral analysis; and 2) map underlying bedrock and test for mineralization in newly refined target areas below till cover. Drilling began on October 30th, 2017; results will be reported in Q1 and Q2 of 2018.

Belle Claims (formerly part of JD property)

On April 11, 2012, the Company entered into an option agreement to acquire the Belle claims located directly adjacent to and adjoining the JD property. Under the terms of the Belle agreement, the Company may acquire a 100% interest by making a cash payment of \$14,000, and issuing 150,000 common shares over a four-year period to the vendor. The agreement is subject to a 2% NSR, 1% of which can be purchased by the Company for \$2,000,000.

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Belle Claims (formerly part of JD property) (continued)

The Belle Claims comprises approximately 1,670 hectares located in the historically significant Toodoggone gold district of north-central BC. The property is underlain by rocks of the Stikine Terrane and comprise a thick succession of interlayered volcanoclastic and intermediate volcanic rocks that are locally cut by high level porphyritic intrusions and a large variably altered pluton of the Black Lake suite to the south. These rocks contain indications of epithermal related gold-silver mineralization and are coincident with a cryptic buried porphyry copper target identified on the basis of airborne magnetics and limited geological mapping along McClair Creek.

In April 2016, the Company exercised the Belle option by issuing the final tranche of common shares to the vendor.

In March 2017, the Company was served with a legal claim disputing the title of the Belle claims. The Company responded to the notice of claim and believes that the legal action has no merit. The Company has commenced arbitration, serving the claimants with a Statement of Defence on September 15, 2017.

Voigtberg

Tower entered into an option agreement dated December 18, 2017 with Kaminak Gold Corporation, a subsidiary of Goldcorp Inc. to acquire a 100% interest in the Voigtberg gold-copper property.

The Voigtberg property is located near the heart of the Golden Triangle region of northwestern British Columbia and is proximal to infrastructure, situated 20 kilometers west of Highway 37 and the newly completed Northern Transmission Line, and 5 kilometers north of the Galore Creek Access Road. The project is 85km southwest of Imperial Metal's Red Chris Mine, 35km southeast of Teck Resources Shaft Creek deposit and 50km east of Teck/Novagold's Galore Creek deposit.

The Property is comprised of 6 mineral tenures totalling 3144 hectares of land prospective for gold-copper mineralization associated with monzonitic dykes of inferred late Triassic to early Jurassic age.

Previous exploration at Voigtberg includes three diamond drill holes completed by Hemlo Gold Mines/Hayden Resources in 1996 and eight diamond drill holes in 2006/2007 by BCGold Corp. for a total of 1760m testing two of five main showings. The Property was originally targeted due to extensive alteration mapped at surface and strongly anomalous gold values in silt samples draining the Property. Identification of high grade gold and widespread gold-copper mineralization in rock and soil samples was followed up with diamond drilling at the Gold Zone and the North Zone showings. Mineralization was intersected in all holes drilled at the Gold and North Zones, with notable intervals of gold-copper mineralization reported from the Gold Zone drill holes. Highlights from historic drill testing include 51.2 m of 1.03 g/t Au including 18.2m of 1.87 g/t Au in drill hole VGT06-05, collared at the Gold Zone.

Due south of the Gold Zone is a 1000m by 600m zone of phyllic and advanced argillic alteration known as the Gossan Zone which has not been drill tested to date. The large zone of alteration has been interpreted by previous operators as the high-temperature, high-level expression of buried gold-copper system and is one of several high priority targets for Tower. Despite highly encouraging results, the project has sat largely inactive since 2007 due to a lack of exploration funds by the previous option owners.

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Voigtberg (continued)

Tower plans to systematically explore the Property over the 2018 field season with detailed geological and geochemical work and exploration targeting. Geological and alteration mapping combined with structural interpretation on the controls of mineralization will be utilized to identify potential drill hole locations to test priority targets. Poorly explored areas of cover below the treeline will also be targeted with detailed prospecting and geochemical silt and soil sampling.

Option Terms

Under the terms of the Agreement, Tower can earn a 100% interest in the Property by issuing 3,000,000 common-share Units to Goldcorp, including an initial commitment to issue 500,000 Units (issued), and executing aggregate exploration expenditures of \$1,925,000 over a 3-year period. Each Unit is comprised of one common share and one half of one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles Goldcorp to acquire an additional common share for a period of 5 years from their date of issuance. The initial Units will have the Warrants priced at \$0.22.

The Property will be subject to 1% NSR in favor of Goldcorp and Tower will issue an additional 1,000,000 common shares to Goldcorp upon the first public announcement of a mineral resource which exceeds 500,000 gold equivalent ounces, in all resource categories.

Tower and Goldcorp plan to form a technical committee for the planning of exploration on the Property. Tower will conduct all exploration work and will define all exploration programs.

Investor Rights Agreement

Tower has also entered into an Investor Rights Agreement with Goldcorp whereby Goldcorp will have a right to participate in future equity financings of Tower, to maintain its then current interest, and to increase its shareholdings up to 9.9% of Tower's outstanding shares. Tower will also provide Goldcorp with periodic exploration updates on all the Company's properties.

Advisory Fee

The Company has agreed to pay Fort Capital Partners a fee for its role as financial adviser in connection with the transaction and other capital markets advice.

Other Properties

Tower is continuously reviewing 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 Paola Chadwich, B.Sc. P.Geo. (APEGBC-36063), Exploration Manager of the Company and Qualified Person as defined by NI 43-101, *Standards of Disclosure for Mineral Projects*.

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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

	October 31, 2017 and October 31, 2016
	Acquisition Costs
Poplar Winstar Strachan	\$ 1

Results of Operations

The following discussion should be read in conjunction with the accompanying Financial Statements and related notes. The operating and administrative expenses for the year ended October 31, 2017 totaled \$766,902 (2016 - \$357,368).

The table below explains the changes in major expenditures for the year ended October 31, 2017 as compared to the corresponding year ended October 31, 2016.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Investor relations	Increase of \$47,008	Increased as the current year had fees for capital market advisory.
Legal fees	Increase of \$27,792	Increased due to increase in corporate activities.
Management fees	Increase of \$20,000	Increased due to increase in fees.
Office and miscellaneous	Increase of \$47,951	Increased due to increase in corporate activities.
Share-based compensation	Increase of \$227,422	Increased due to much larger number of stock options vesting during the current year.

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Selected Annual Information

The following financial data are derived from the Company's financial statements for the years ended October 31, 2017, 2016 and 2015:

	2017 \$	2016 \$	2015 \$
Revenue (interest income)	-	-	1,810
General and administrative expenses	(766,902)	(357,368)	(326,856)
Loss and comprehensive loss	(662,441)	(2,900,243)	(328,966)
Basic and diluted loss per common share	(0.01)	(0.06)	(0.01)
Working capital	2,411,302	751,791	369,025
Exploration and evaluation assets	2,753,069	1,528,189	3,576,413
Total assets	5,383,766	2,767,419	4,056,024
Total liabilities	92,598	437,163	51,959

The Company's projects are at the exploration stage and have not generated any revenue. Revenue earned in 2015 and was generated through interest on cash deposits. At October 31, 2017, the Company had not yet achieved profitable operations and has a deficit of \$12,636,568 (2016 - \$12,263,751). These losses resulted in a net loss per share for the year ended October 31, 2017 of \$(0.01) (2016 - \$(0.06)).

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
	\$	\$	\$	\$	\$
October 31, 2017	-	(183,245)	(0.00)	228,829	203,088
July 31, 2017	-	(217,308)	(0.00)	886,927	217,308
April 30, 2017	-	(128,967)	(0.00)	70,328	213,585
January 31, 2017	-	(132,921)	(0.00)	336,309	132,921
October 31, 2016	-	(161,767)	(0.00)	376,125	132,167
July 31, 2016	-	(84,823)	(0.00)	97,035	84,823
April 30, 2016	-	(81,200)	(0.00)	32,214	68,987
January 31, 2016	-	(2,572,453)	(0.05)	15,916	71,391

Variances quarter over quarter can be explained as follows:

- In the quarter ended January 31, 2016, the Company wrote off exploration and evaluation assets of \$2,501,062 in connection with the JD property.
- 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.

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Fourth Quarter

The operating and administrative expenses for the quarter ended October 31, 2017 totaled \$203,088. The major expenses for the quarter were accounting and audit fees of \$28,988, investor relations fees of \$25,748, management fees of \$30,000, office and miscellaneous costs of \$35,064, and share-based compensation of \$61,972.

There were no material adjustments or other events affecting the Company's financial condition or performance in the fourth quarter other than the above mentioned.

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:

	October 31, 2017	October 31, 2016
	\$	\$
Cash	2,462,500	1,113,121
Receivables	17,738	54,060
Prepaid expenses	22,425	8,773
Total current assets	2,502,663	1,175,954
Accounts payables and accrued liabilities	91,361	424,163
Working capital	2,411,302	751,791

As at October 31, 2017, the Company had a cash position of \$2,462,500 (2016 - \$1,113,121), consisting mainly of proceeds from the April 2017 financing. As at October 31, 2017, the Company had a working capital position of \$2,411,302 (2016 - \$751,791).

The primary use of cash during the year ended October 31, 2017 was the funding of operating activities of \$491,378 (2016 - \$262,855) and investing activities of \$1,294,459 (2015 - \$148,243), mainly due to exploration and evaluation assets expenditures.

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. Management estimates it has sufficient funds to operate for the next twelve months.

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Related Party Transactions

During the year ended October 31, 2017, the Company engaged in the following transactions with related parties (key management), not disclosed elsewhere in this MD&A:

- a) Management fees of \$110,000 (2016 - \$90,000) were paid to a company controlled by Mark Vanry, the President, CEO and director of the Company.
- b) Consulting fees of \$nil (2016 - \$45,000) and exploration and evaluation assets expenditures totaling \$nil (2016 - \$55,000) were paid to a company controlled by Christopher Leslie, the Vice President of Exploration of the Company.
- c) Administrative fees included in office and miscellaneous of \$30,000 (2016 - \$30,000) were paid to a company controlled by Steve Vanry, the CFO and director of the Company.
- d) Office and miscellaneous includes rent recovery of \$9,000 (2016 - \$12,000) from Pacific Rim Cobalt Corp. (formerly Rhys Resources Ltd.), a company related by a common director. As at October 31, 2017, \$788 (2016 - \$2,120) was included in receivables for rent recovery owed from this company.
- e) Office and miscellaneous includes rent recovery of \$9,000 (2016 - \$nil) from InZinc Mining Ltd., a company related by a common officer. As at October 31, 2017, \$788 (2016 - \$nil) was included in receivables for rent recovery owed from this company.

Summary of key management personnel compensation (including officers and directors) for the year ended October 31, 2017 and 2016:

	2017	2016
	\$	\$
Management fees	110,000	90,000
Office and miscellaneous	30,000	30,000
Consulting fees	-	45,000
Exploration and evaluation assets expenditures	-	55,000
Share-based compensation	150,454	15,797
	290,454	235,797

Amounts owing to related parties (including key management personnel) included in accounts payable and accrued liabilities total \$5,861 (2016 - \$41,605).

In accordance with IAS 24, 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 October 31, 2017 or as of the date of this report.

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Risks and Uncertainties

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

Operational

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.

Management of industry risk

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.

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.

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Risks and Uncertainties (continued)

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 amount, 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.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, the valuation of share-based compensation and income taxes.

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.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

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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 for the year ended October 31, 2017 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, 2018 or later:

- a. IFRS 2 – Share Based Payments: The 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. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed.
- b. IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.
- c. IFRS 15 – Revenue from Contracts with Customers: The amendments do not change the underlying principles of the standard, just clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018.
- d. 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.

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.

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Financial Instruments and Management of Financial Risk (continued)

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 recoverable 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.

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 October 31, 2017, the Company held demand deposits with a face value of \$10,000 (2016 - \$30,000). A change in interest rates of 1% would change income by \$100 (2016 - \$300) 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.

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.

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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: 90,117,435 common shares

(i) Warrants

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

Exercise Price	Number Outstanding	Expiry Date
\$		
0.15	15,170,000	March 16, 2018
0.22	12,700,183	April 6, 2022
0.22	172,413	May 1, 2022
	<u>28,042,596</u>	

(ii) Options

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

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
\$			
0.13	175,000	175,000	April 9, 2018
0.05	350,000	350,000	December 17, 2018
0.05	50,000	50,000	January 28, 2019
0.06	525,000	525,000	July 7, 2019
0.05	900,000	900,000	November 4, 2019
0.16	200,000	100,000	May 9, 2020
0.09	200,000	100,000	August 23, 2021
0.13	1,475,000	737,500	September 16, 2021
0.16	850,000	212,500	February 6, 2022
0.16	150,000	37,500	May 9, 2022
0.16	100,000	25,000	May 25, 2022
0.16	900,000	112,500	September 28, 2022
	<u>5,875,000</u>	<u>3,325,000</u>	

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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.towerresourcesltd.com; and
- the Company's audited financial statements for the year ended October 31, 2017.

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,

"Mark Vanry"

Mark Vanry

President, CEO and Director

February 13, 2018