

TOWER ONE WIRELESS CORP.
Quarterly Report
March 31, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

1.1 Date of Report May 30, 2019

The following amended management's discussion and analysis ("MD&A") has been prepared as of May 30, 2019 and should be read in conjunction with the consolidated financial statements and accompanying notes for the quarter ended March 31, 2019, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A includes certain statements that may be deemed "forward-looking statements". Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Nature of Business

Tower One Wireless Corp. ("Tower One" or the "Company") is a pure-play, build-to-suit ("BTS") tower owner, operator and developer of multitenant communications real estate. The Company's primary business is the leasing of space on communications sites to mobile network operators ("MNOs"). The Company offers tower-related services in the largest Spanish speaking countries in Latin America: Argentina, Colombia and Mexico. These tower-related services include site acquisition, zoning and permitting, structural analysis, and construction which primarily supports the Company's site leasing business, including the addition of new tenants and equipment on its sites. BTS is where a long-term site lease is in hand with a tenant prior to undergoing construction. As of March 31, 2019, the Company had a total of 7 signed MLA agreements with major MNOs in Argentina, Colombia and Mexico and a total backlog of over 300 sites. In Argentina, the Company had executed 2 MLAs with and a backlog of more than 190 sites. In Colombia, the Company had executed 3 MLAs and a backlog of approximately 60 sites. In Mexico, the Company had executed 2 MLAs and a backlog of approximately 50 sites. In May 2019, the Company signed an additional MLA in Argentina.

Tower One Wireless Corp. ("Tower One" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada on September 12, 2005. On October 14, 2011, the Company became a reporting company in British Columbia and was approved by the Canadian Securities Exchange ("CSE") and commenced trading on November 16, 2011. The Company's registered office is located at Suite 605, 815 Hornby Street, Vancouver, BC, Canada V6Z 2E6.

On January 17, 2017, Tower One completed a Share Exchange Agreement (the “Agreement”) with Tower Three SAS (“Tower Three”) and the shareholders of Tower Three SAS. According to the Agreement, Tower One acquired Tower Three by issuing shares which resulted in the shareholders of Tower Three obtaining control of the Company (the “Acquisition”). Accordingly, this transaction was recorded as a reverse acquisition for accounting purposes, with Tower Three being identified as the accounting acquirer. The condensed consolidated interim financial statements are a continuation of the financial statements of Tower Three while the capital structure is that of the Company. The historical operation assets and liabilities of Tower Three are included in the condensed consolidated interim financial statements and the comparative figures are those of Tower Three.

Tower Three SAS was incorporated on December 30, 2015 under the Laws of Colombia. Tower Three has secured 4G LTE cellular tower development contracts in Colombia. The Company focuses primarily on building cellular towers in municipalities where there currently is very limited or no cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk.

On March 31, 2017, the Company entered into a Share Purchase Offer Agreement with the shareholders of Evolution Technology SA (“Evotech”) to acquire 65% ownership interest in Evotech. Evotech is a private company incorporated under the laws of Argentina. Evotech's intended business is to obtain rights and permits for approval of constructing the towers in various locations in Argentina. It has a Master Lease Agreement (the “MLA”) with a single Mobile Network Operator. The MLA in place allows for the Company to be granted Cellular Search Rings, which are desired coordinates for a tower, and outlines the terms for each tower build.

On October 18, 2017, the Company acquired a 70% ownership interest in Tower Construction & Technical Services, Inc. (“TCTS”). TCTS is a private company incorporated in Florida, USA. In March 2019, the Company acquired the remaining 30% of TCTS.

On April 3, 2018, the Company acquired a 90% ownership interest in Comercializadora Mexmaken, S.A. de C.V. (“Mexmaken”). Mexmaken is a private company incorporated under the laws of the United Mexican State on September 9, 2015.

1.3 Overall Performance

Highlights during the period ending March 31, 2019:

- On March 1, 2019, the Company announced it has appointed Santiago F. Rossi to the position of Chief Financial Officer (‘CFO’).
- On March 1, 2019, the Company entered into a share purchase agreement with the remaining shareholders of TCTS to acquire the remaining 30% ownership interest. In order to obtain the remaining 30% interest in TCTS, the Company committed to cash payments totaling USD\$80,000.
- During the period ending March 31, 2019, the Company executed partially the previously announced sale of towers in Colombia. Proceeds of the transaction were recorded as Revenue as of March 31, 2019.
- Management continued to actively focus on capital raising to support the Company’s tower business, marketing initiatives and general working capital.

1.4 Results of Operations

During the period ended March 31, 2019, the Company incurred net income from the operations of \$1,301,982 (December 31, 2018- \$8,687,707). These decreases were offset by increased operating expenses, share-based compensation for stock options granted and interest expense on loans from related parties.

As at March 31, 2019, the Company had a negative working capital of \$9,816,455 from continuing operations (December 31, 2018- \$10,107,344) and an accumulated deficit of \$17,487,728 (December 31, 2018 - \$18,789,710). The decrease in the working capital during the period was as a result of increase in loans payable, building towers and operation activities.

Total revenue increased to \$4,490,985 for the period ended March 31, 2019 compared to \$551,858 as of March 31, 2018, as a result of placing BTS towers in-service and commencing service during the period. Additionally, revenues for the period include the sale of 17 towers in Colombia. The Company expects to generate revenues in 2019 mostly from the completion of the transaction of the sale of 23 towers in Colombia and the monthly lease payments by MNOs on existing and future tower sites.

During the period, the Company incurred professional fees in the amount of \$406,033 (March 31, 2018 – \$339,505) due to a decrease from third party consulting services, corporate activities and operational activities of the Company. Professional fees include consulting services, legal fees and related expenses.

Office and miscellaneous expenses increased to \$585,424 from \$185,569 compared to March 31, 2018 mainly due to more activities in prior period related to start-up expenses for the business and commencement of operational activities in Colombia, Mexico and Argentina.

Advertising and promotion decreased to \$nil compared to March 31, 2018 of \$767,274 mainly due to less marketing and promotional efforts and actively promoting its business and market awareness during the period.

During the period ended March 31, 2019, the Company incurred travel expense in the amount of \$81,952 (March 31, 2018 – \$56,236) related to extensive travel throughout Colombia, Mexico and Argentina to find out optimal locations for cellphone towers.

The Company incurred transfer agent fees in the amount of \$nil compare to the prior year of \$15,732 mainly due to exercise of options and warrants in the prior year. The Company incurred \$338,420 in interest, financing charges and bank charges during the period compared to \$234,869 in the prior year due to interest and penalties for the previous and existing loans, bank fees and transfer charges in Colombia, Mexico and Argentina.

Maintenance and operation expenses increased to \$1,969,140 from \$nil compared to March 31, 2018 mainly due to the Company incurring operating costs in order to generate revenue.

During the period ended March 31, 2019, the Company recorded \$412,055 in unrealized foreign exchange loss to its cumulative translation account. The Company's functional currency reporting is the Canadian Dollar, Tower Three is the Colombian Peso, Evotech is the Argentina Peso, TCTS is the US Dollar and Mexico is the Mexican Peso. The Company records a cumulative translation adjustment due to the changes resulting from the fluctuation of foreign exchange rates.

Selected Quarterly Information

	March 31, 2019 \$	December 31, 2018 \$	September 30, 2018 \$	June 30, 2018 \$	March 31, 2018 \$
Revenue	4,490,985	1,210,225	138,067	116,095	92,355
Net loss from continuing operations	1,301,982	(4,137,971)	(87,721)	(1,396,524)	(3,065,491)
Basic and diluted loss per share from continuing operations	(0.01)	(0.10)	(0.00)	(0.02)	(0.04)
Cash	247,534	346,103	53,843	62,128	433,063
Total Assets	15,125,858	12,581,840	7,997,727	6,940,929	6,998,547
Non-Current Liabilities	2,269,698	1,188,226	823,224	548,324	588,824

Significant factors and trends that have impacted Tower One's results during the years presented above include the following:

- a) The gain on net monetary position in the total amount of \$412,055 was recorded due to Argentina being in a hyper-inflationary economy.

1.5 Liquidity and Capital Resources

As at March 31, 2019, the Company has total assets of \$15,125,858, cash of \$247,534 and a negative working capital from operations of \$9,816,455. The decrease in working capital is primarily due to building towers and operation activities.

During the period ended March 31, 2019, the Company generated \$1,275,959 in operating activities for continuing operations compared to the usage of \$1,051,773 in March 31, 2018.

During the period ended March 31, 2019, the Company spent \$2,160,551 primarily on building towers for continuing operations, compared to \$1,044,136 in March 31, 2018.

During the period, the Company received net of \$786,056 proceeds from bonds payable.

At March 31, 2019, share capital was \$16,876,381 comprising 93,389,446 issued and outstanding common shares.

At present, the Company's operations generate minimal cash inflows and its financial success after March 31, 2019 is dependent on management's ability to continue to obtain sufficient funding to sustain operations of building towers in municipalities where there currently is very limited or no

cellular coverage, which enhances the probability of multiple carriers sharing the tower and minimizes competitive risk.

The Company may not be able to generate sufficient cash flows from its operations in the foreseeable future to support its working capital needs. As a result, the Company will have to rely on funding through future equity issuances and through short-term and long term borrowing in order to finance ongoing operations and the construction of cellular towers. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

1.6 Share Capital

As at March 31, 2019, the Company had 93,389,446 common shares issued and outstanding.

1.7 Share Purchase Warrants

As at March 31, 2019, the Company had 16,290,501 warrants issued and outstanding.

1.8 Stock Options

As at March 31, 2019, the Company had 1,275,000 stock options issued and outstanding of which all the options are exercisable.

1.9 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

1.10 Subsequent Events

- On April 4, 2019, the Company announced it has entered into a development agreement with a Third Party for Mexico and Colombia to develop 150 tower sites with total advances to date of approx. \$3,000,000 USD. Tower One will handle all steps of completing the built to suit towers and the Third Party will have the right to purchase those sites.
- On May 7, 2019, the Company announced that a cease trade order has been issued against the Company by the British Columbia Securities Exchange because of the Company's failure to file annual financial statements for the financial period ended December 31, 2018, together with the related MD&A and officer certifications (the "2018 Annual Filings") by April 30, 2019. As a result, the Company's securities have been halted from trading on the Canadian Securities Exchange.

The Company filed its annual financial statements for the financial period ended December 31, 2018, together with the related MD&A and officer certificates on May 13, 2019.

On May 15, 2019, the British Columbia Securities Exchange revoked the cease trade order.

1.11 Changes in Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements of the Company as at December 31, 2018.

The condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the period ended March 31, 2019.

During the period ended December 31, 2018, the Company adopted the following new accounting policies:

- IFRS 9 Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 2 Share-based Payment

The mandatory adoption of the above revised accounting standards and interpretations on January 1, 2018 had no significant impact on the Company's condensed consolidated interim financial statements for the current period or prior year presented.

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2019:

- **IFRS 16 – Leases** - In January 2016, the IASB issued IFRS 16 “Leases” (“IFRS 16”) that sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessee and lessor. IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The effective date of IFRS 16 for the Company is January 1, 2019 and the Company will apply the standard retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or deficit at that date, subject to permitted practical expedients. Therefore, the Company will not restate comparative information.

The adoption of IFRS 16 will result in the recognition of a right-of-use asset and a lease liability measured at the present value of the future lease payments on the consolidated statements of financial position for a majority of its leases that are considered operating leases under IAS 17 “Leases”. An amortization expense on the right-of-use asset and an interest expense on the lease liability will replace the operating lease expense. IFRS 16 will change the presentation of cash flows relating to leases in the Company's consolidated statements of cash flows, but does not cause a difference in the amount of cash transferred between the parties of a lease. The Company is currently finalizing the quantification of the impact of IFRS 16 on its consolidated financial statements. As at January 1, 2019, it is estimated that total liabilities would increase by approximately \$1,070,000 and assets would increase by approximately \$1,070,000. The Company is continuing to assess the overall impact of the new standard, including the required changes to the disclosures in its consolidated financial statements.

1.12 Financial Instruments and Other Instruments

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge any obligations. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The demand loan is under fixed interest rate. The Company has bank indebtedness which is subject to variable interest rates. However, given the balance is not significant, the Company is not exposed to significant interest rate risk. The Company also maintain bank accounts which earn interest at variable rates but it does not subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Fair value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

Cash is measured using level 1 fair value inputs. The carrying values of the amounts receivable, accounts payable, convertible debentures, loans payable, loans from related parties and bonds payable approximate their fair values because of the short-term nature of these instruments.

1.13 Estimates

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations. Significant areas requiring the use of management estimates include the valuation of listing expense, useful lives and impairment of long-lived assets, impairment of investments and share-based payment calculations.

Actual results could differ from the estimates made.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Use of Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the year:

(i) Going concern

The assessment of the Company's ability to execute its strategy by effectively operating the Company involves judgement. Management closely monitors the operations and cash flows in the Company.

(ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

(iii) Accounting for long-term investments

The accounting for long-term investments involves judgment in the determination of control and power held by the Company.

(iv) Intangible Assets – impairment

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

(v) Classification of lease agreements

Management uses judgment in determining whether a lease is a finance lease arrangement that transfers substantially all the risks and rewards of ownership.

(vi) Impairment of Equipment

At the end of each reporting period, management makes a judgment whether there are any indications of impairment of its equipment. If there are indications of impairment, management performs an impairment test on a cash-generating unit basis.

(vii) Determination of functional currency and hyperinflationary economies

The determination of the functional currency for the Company and its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity. The determination of whether an entity operates in a hyperinflationary economy was based on management's judgment of the underlying economic condition of the country the entity operates in.

1.14 Other MD&A Requirements

For more information about the Company, see <http://www.toweronewireless.com/>. The Company has not filed an AIF Annual Information Form.

Disclosure of Outstanding Share Data

As of the reporting date, there were 93,389,446 common shares issued and outstanding.

As the reporting date and March 31, 2019,

(i) Pursuant to an escrow agreement dated January 11, 2017, the 30,000,000 common shares issued pursuant to the Acquisition are subject to escrow restrictions. The escrow shares will be released based on certain performance conditions. At March 31, 2019, 30,000,000 common shares remain in escrow (December 31, 2018 – 30,000,000 common shares).

(ii) In addition, the 500,000 common shares issued to Rojo are subject to escrow restrictions. These escrow shares will be released 10% on the issuance date, with the remaining to be released 15% every nine months. As of March 31, 2019, there were 375,000 common shares remain in escrow (December 31, 2018 – 375,000 common shares).

Risk Factors

The Company is focused on more select market introduction and development primarily on building towers in municipalities while instituting cost control of product development. The failure to generate future sales in the Company's main products could have a significant and adverse effect on the Company.

The Company success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not anticipate having key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net income for the period ended March 31, 2019 of \$1,301,982 and has a deficit of \$17,487,728. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.