

JAZZ RESOURCES INC.
FIRST QUARTER ENDED SEPTEMBER 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Note to Readers

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated interim financial statements of Jazz Resources Inc. (the "Company") for the first quarter ended September 30, 2018 and with the audited financial statements for the year ended June 30, 2018. Those consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

1.1 Date

This MD&A is prepared as of November 28, 2018. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. The Canadian dollar is the functional currency of both the parent company and its wholly owned subsidiary.

1.2 Overview

The Company is a junior mining resource company focused on acquiring, exploring and developing mineral properties. The primary focus of the Company is the development of the Teddy Glacier and Spider properties located in the Revelstoke mining district of British Columbia, Canada.

The Company has plans to investigate the Spider property with the intent of reopening the mine. The Company has already obtained a permit to continue exploring, excavate, and trench a new vein near the Spider Mine.

Keystone Environmental was engaged to complete several environmental studies at the former Spider Mine mill site at Camborne, BC (Camborne Mill). The study has been completed and the Company has obtained a conditional permit for a pilot mill and tailings pond from the BC Ministry of Energy and Mines. The Company has entered the new format "Mine Development Review Committee" process which will result in a new permit. The mill will be used to process bulk samples from the Teddy Glacier property and mineralization from the Spider Mine. The Company also retained Associated Engineering and OnSite Geoscience and was successful in increasing the load capacity of the Fish River Canyon Bridge.

The Company has signed a contract with Neolife Holdings Inc. to supply a 2-stage flotation mill to the Company's Camborne site. Neolife will process the existing Jazz stockpile for a fixed cost per tonne. The components of the mill have arrived on site and have been assembled. Considerable work was completed on the Teddy Glacier road and a program of geochemistry was completed on the Teddy Glacier Property.

Previously, in April 2015 the Company arranged a \$100,000 loan at 25% interest which allowed the Company to advance the milling and crushing program at the Camborne Mill site. In August 2015, the Company arranged a second loan for \$75,000 at 20% interest.

The Company's intention is to prepare the Camborne mill for production and develop a new tailings facility at the Camborne site. Any funds raised will be used for working capital and to maintain the Teddy Glacier road in anticipation of hauling ore down to the Camborne mill site during 2019.

1.3 Selected Quarterly Information

	First quarter ended September 30, 2018	First quarter ended September 30, 2017
	\$	\$
Total revenues	Nil	Nil
General and administrative expenses	3,785	26,384
(Loss) income for the period	(3,785)	(26,384)
(Loss) income per share – basic and diluted	(0.00)	(0.00)
Total assets	1,368,992	1,417,100
Total financial liabilities	1,576,040	1,468,373
Cash dividends declared – per share	Nil	Nil

The Company had net loss of \$3,785 for the quarter ended September 30, 2018 compared to a net loss of \$26,384 for the quarter ended September 30, 2017. The decrease in total assets from the previous period was largely due to decrease in accounts receivable. The increase in liabilities was caused by an increase in accounts payable.

1.4 Results of Operations for the quarter ended September 30, 2018.

This review of the results of operations should be read in conjunction with the unaudited consolidated interim financial statements of the Company for the quarter ended September 30, 2018.

Overview

For the quarter ended September 30, 2018, the Company had a net loss of \$3,785 compared to a net loss of \$26,384 for the quarter ended September 30, 2017.

Revenues

The Company had no revenues during the quarter ended September 30, 2018.

Expenses

General and administrative expenses totaled \$3,785 for the quarter.

Total assets

Total assets of the Company as at September 30, 2018 were \$1,368,992 compared to \$1,365,435 as at June 30, 2018.

1.5 Summary of Quarterly Results

	Three Months Ended			
	September 30 2018 \$	June 30 2018 \$	March 31 2018 \$	December 31 2017 \$
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(3,785)	(88,854)	(34,149)	(28,989)
Net Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)

	September 30 2017 \$	June 30 2017 \$	March 31 2017 \$	December 31 2016 \$
	Total Revenues	Nil	Nil	Nil
Net Loss	(26,384)	(24,090)	(59,629)	(22,564)
Net Loss per share (basic and diluted)	(0.00)	(0.01)	(0.00)	(0.00)

1.6 Liquidity

Cash Flow from Operations

The Company recorded a net loss of \$3,785 for the quarter ended September 30, 2018, compared to a net loss of \$26,384 for the quarter ended September 30, 2017. The smaller net loss was caused primarily by a decrease in consulting fees.

Working Capital

As at September 30, 2018, the Company had \$28,949 cash on hand and a working capital deficiency of \$1,499,901 as compared to working capital deficiency of \$1,513,067 at June 30, 2018.

The decrease in working capital deficiency was caused by an increase in cash. As at September 30, 2018 the Company had trade accounts payable of \$1,227,040 and amounts due to related parties of \$359,000.

Debt and Other Obligations

In April 2015, the Company arranged a \$100,000 loan at 25% interest which allowed the Company to advance the milling and crushing program at the Camborne Mill site. In August 2015, the Company arranged a second loan for \$75,000 at 20% interest.

Outlook

At present, the Company has no active operations. The future of the Company is dependent on its ability to raise sufficient funds to carry out its exploration activities.

1.7 Capital Resources

The Company is dependent on the sale of share capital and the receipt of related party loans in order to finance its activities.

There were no common shares issued during the quarter ended September 30, 2018.

1.8 Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements.

1.9 Transactions with Related Parties

As at September 30, 2018, a total of \$359,000 (2017 - \$295,000) was owing to the President of the Company: Of this amount, \$100,000 is owing pursuant to a loan agreement, bears interest at the rate of 25% per annum and is repayable on or before April 2, 2018, \$75,000 is owing pursuant to an additional loan agreement, bears interest at the rate of 20% per annum and is repayable on or before August 5, 2018, and \$100,000 is owing pursuant to an additional loan agreement, does not bear interest and is due on demand. \$30,000 in interest has been accrued on the balances owing as at September 30, 2018 (2017 - \$20,000), and all of the loans received are unsecured. During the year ended June 30, 2018, the company paid \$40,000 (2017 - \$40,000) in interest on these loans and \$72,000 (2017 - \$75,000) was paid or accrued for site exploration costs and was included in deferred exploration costs.

As at June 30, 2018, \$798,262 (2017 - \$792,262) was owing to former related parties of the Company and has been reclassified to accounts payable and accrued liabilities.

All other amounts are non-interest bearing and have no fixed terms of repayment.

As at September 30, 2018 \$406,558 (2017 - \$406,558) was owed to the former President of the Company and \$300,684 (2017 - \$300,684) was owed to a company owned by the former President of the Company. During the year ended June 30, 2018 the Company received notice of a claim filed by the former President of the Company seeking to collect the outstanding balances as well as additional interest and other charges in the amount of \$340,373. While the outcome of this matter is uncertain, no additional provision has been accrued in respect of the claim as the Company believes the claim to be without merit and intends to vigorously defend itself should legal action be required

1.10 Fourth Quarter Adjustments

None.

1.11 Proposed Transactions

The company is in discussions to acquire other mineral tenures contingent to the Teddy Glacier claims.

1.12 Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2018 reporting period. These standards are not expected to have a significant impact on the Company's financial statements:

IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – “Financial Instruments: Recognition and Measurement” in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018. The Company has not early adopted this standard and is currently assessing the impact on its financial statements.

IFRS 15, Revenue from Contracts with Customers:

IFRS 15 is a new standard to establish principles for reporting the nature amount timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

The Company does not anticipate that the application of IFRS 15 in the future will have a material impact on the amounts reported and disclosures made in the Company's financial statements.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

The Company does not anticipate that the application of IFRS 16 in the future will have a material impact on the amounts reported and disclosures made in the Company's financial statements.

1.13 Financial Instruments and Risk Management

The Company's financial instruments consist of cash, amounts receivable, security deposits, accounts payable and accrued liabilities and due to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018, the Company had a cash balance of \$28,949 to settle current liabilities of \$1,576,040. There is a risk that the Company may not be able to fulfill its obligation when a liability is due. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms with the exception of amounts due to related parties and loans provided by an officer of the Company discussed above in Transactions with Related Parties.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has \$33,500 of security deposits earning interest at an average rate of 0.57% per annum. Pursuant to agreements with an officer of the Company, the Company has related party loans of \$100,000 and \$75,000 bearing interest at 25% and 20%, respectively, as at September 30, 2018.

(b) Foreign currency risk

The Company does not have assets or liabilities denominated in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

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, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

1.14 Critical Accounting Estimates

The Company prepares its financial statements in conformity with IFRS. The Company lists its significant accounting policies in Note 3 to its annual audited financial statements for the year ended September 30, 2018. Of the accounting policies, the Company considers the following policy to be the most critical to the reader's full understanding and evaluation of the reported financial results.

Mineral properties and deferred exploration expenses

The measurement, depletion and impairment of mineral properties and deferred exploration costs are based on various judgments and estimates. These include the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves, future mineral prices, and operating and capital expenditures for the properties.

1.14 Other MD&A Requirements

Additional Information

Additional information about the Company is available on SEDAR at www.sedar.com.

Share Capital

As of the date of this MD&A the Company had 19,151,605 common shares outstanding and 1,900,000 stock options outstanding.

General and Administrative Expenses

	First quarter Ended September 30, 2018	First quarter Ended September 30, 2017
Amortization	\$ -	\$ 101
Consulting fees	-	-
Filing fees	-	-
Interest	12	10,000
Office and miscellaneous	-	687
Professional fees	1,169	2,000
Transfer agent fees	2,604	815
Travel and entertainment	-	-
	\$ <u>3,785</u>	\$ <u>26,384</u>

Mineral Property and Deferred Exploration Costs

The following information pertains to the Company's 100% interest in mining claims located in the Revelstoke Mining Division of B.C.

	First quarter Ended September 30, 2018	First quarter Ended September 30, 2017
Mineral properties and deferred exploration costs, beginning of quarter	\$ 1,275,231	\$ 1,199,279
Additions during the quarter		
Acquisition costs	-45,399	
Contractors		
Property and mining taxes		400
Site exploration	28,488	54,948
Government assistance & other income		
Mineral properties and deferred exploration costs, end of quarter	<u>\$ 1,258,320</u>	<u>\$ 1,254,627</u>

Events after the Reporting Period

Company is discussions to acquire mineral tenures adjacent to Teddy Glacier claims.

Outlook

The Company's objective is to continue exploration of its mineral property interests.

Forward Looking Statements

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.