

**JAZZ RESOURCES INC.
YEAR ENDED JUNE 30, 2020**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Note to Readers

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Jazz Resources Inc. (the "Company") for the year ended June 30, 2020 and the related notes. 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 October 28, 2020. All dollar figures stated herein are expressed in Canadian dollars. 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 Teddy Glacier and Spider mineral claims and properties.

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 entered the new format "Mine Development Review Committee" process which will result in a new draft 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 Engineering 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.

On February 26, 2020, the Company consolidated its issued and outstanding shares, on an 8 to 1 basis, from 20,616,939 pre-consolidation common shares to 2,576,885 post-consolidation common shares. The exercise price and number of shares issuable by way of options and warrants of the Company will be proportionately adjusted to account for the share consolidation. All shares and per share amounts have been restated to reflect the share consolidation retrospectively.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's industry and in the global markets, including possible disruptions in the Company's operations, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) to date have not had a material impact on the Company's operations and ability to access capital. The full extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at the date the financial statements were approved, which was on October 28, 2020.

Subsequent to June 30, 2020, the Company:

- Completed tranche one of a private placement by issuing 3,345,000 Units at a price of \$0.20 per Unit for gross proceeds of \$669,000. Each Unit is comprised of one common share and one share purchase warrant (each a “Warrant”). One Warrant will entitle the holder to purchase one common share (“Warrant Share”) at a price of \$0.39 per Warrant Share until April 10, 2021, being 6 months from the date of issuance. The Company paid a finder’s fee of 6% cash and 6% in Warrants, and;
- Entered into an agreement to acquire certain mineral assets in Brazil from Coltan Gold Mining Inc. (“CGM”), a private company located in Vancouver B.C. The transaction has been conditionally approved by the TSX Venture Exchange. The Company will provide the following as total consideration to the CGM:
 - 2,000,000 common shares;
 - A 2 year unsecured convertible debenture with a principal amount of \$1,250,000 bearing a 4% annual interest rate convertible at \$0.40 per share, and;
 - A 2 year \$500,000 USD loan bearing a 6% annual interest rate.

During the year ended June 30, 2019, the Company completed a non-brokered private placement of 125,000 non flow-through units at a price of \$0.40 per unit and 41,667 flow-through common shares at a price of \$0.48 per flow-through common share. Each unit is comprised of one common share and one common share purchase warrant, with each warrant being exercisable into an additional common share at a price of \$0.56 for a period of 1.5 years. No residual value was allocated to the warrant component of the unit. In connection to the issuance of the flow-through common shares, a premium liability of \$3,334 was recorded and recognized in other income as at June 30, 2019. In addition, \$25,000 in share subscriptions remained receivable as at June 30, 2019, which was fully collected during the year ended June 30, 2020.

1.3 Selected Annual Information

	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$	\$
Total revenues	Nil	Nil	Nil
General and administrative expenses	160,065	125,137	152,252
(Loss) income for the period	(160,065)	(121,803)	(178,376)
(Loss) income per share – basic and diluted	(0.06)	(0.05)	(0.07)
Total assets	1,607,075	1,484,672	1,363,435
Total financial liabilities	2,020,261	1,762,793	1,566,699
Cash dividends declared – per share	Nil	Nil	Nil

The Company had net loss of \$160,065 for the year ended June 30, 2020 compared to a net loss of \$121,803 for the year ended June 30, 2019. The increase in total assets from the previous year was largely due the increased carrying value of mineral properties and deferred exploration costs. The increase in liabilities was due to an increase in accounts payable, due to related parties and a loan payable.

1.4 Results of Operations for the year ended June 30, 2020

This review of the results of operations should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended June 30, 2020.

Overview

For the year ended June 30, 2019, the Company had net loss of \$160,065 compared to a net loss of \$121,803 for the year ended June 30, 2019. The increase was largely due to additional professional fees and transfer agent fees incurred during the current year.

Expenses

General and administrative expenses totaled \$160,065 for the year. The three largest expense items were, interest and finance fees of \$45,915, professional fees of \$47,631 and consulting fees of \$20,000. These three items accounted for approximately 71% of the Company's total general and administrative expenses.

Total assets

Total assets of the Company as at June 30, 2020 were \$1,607,075, an increase of \$122,403 from \$1,484,672 as at June 30, 2018, largely as a result of additions to mineral properties and deferred exploration costs.

1.5 Summary of Quarterly Results

	Three Months Ended							
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
	2020	2020	2019	2019	2019	2019	2018	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(62,324)	(37,562)	(30,508)	(29,671)	(65,611)	(20,308)	(32,099)	(3,785)
Net Loss per share	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.01)	\$ (0.00)

The net loss for the three-month period ended June 30, 2020 compared to the net loss for the three-month period ended June 30, 2019 decreased by \$3,287. The difference is primarily attributable to due to lower office and miscellaneous costs during the three-month period ended June 30, 2020 compared to the three-month period ended June 30, 2019.

1.6 Liquidity

Working Capital

As at June 30, 2020 the Company had \$22,263 (2019 - \$22,748) cash on hand and a working capital deficiency of \$1,952,634 as compared to a working capital deficiency of \$1,689,860 at June 30, 2019.

The increase in working capital deficiency was primarily caused by an increase in current liabilities. As at June 30, 2019 the Company had trade accounts payable of \$1,298,689 (2019 - \$1,261,513) and due to related parties of \$645,452 (2019 - \$461,000).

Outlook

At present, the Company has limited operations. The future operations of the Company are dependent on its ability to raise sufficient funds to carry out its exploration activities.

Subsequent to June 30, 2020, the Company, entered into an agreement to acquire certain mineral assets in Brazil from Coltan Gold Mining Inc. ("CGM"), a private company located in Vancouver B.C. The transaction has been conditionally approved by the TSX Venture Exchange.

In relation to transaction and upon completing a financing, the Company is to provide the following as total consideration to CGM:

- 2,000,000 common shares;
- A 2 year unsecured convertible debenture with a principal amount of \$1,250,000 bearing a 4% annual interest rate convertible at \$0.40 per share, and;
- A 2 year \$500,000 USD loan bearing a 6% annual interest rate.

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.

No financing activities occurred during the year ended June 30, 2020.

Subsequent to June 30, 2020, the Company completed tranche one of a private placement by issuing 3,345,000 Units at a price of \$0.20 per Unit for gross proceeds of \$669,000. Each Unit is comprised of one common share and one share purchase warrant (each a "Warrant"). One Warrant will entitle the holder to purchase one common share ("Warrant Share") at a price of \$0.39 per Warrant Share until April 10, 2021, being 6 months from the date of issuance. The Company paid a finder's fee of 6% cash and 6% in Warrants, and;

1.8 Off-Balance Sheet Arrangements

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

1.9 Transactions with Related Parties

As at June 30, 2020, a total of \$625,452 (2019 - \$461,000) was owing to Rob Klenk, the President of the Company. Of this amount, \$100,000 is owing pursuant to a loan agreement, which bears interest at the rate of 25% per annum and was repayable on or before April 2, 2019, \$75,000 is owing pursuant to an additional loan agreement, bears interest at the rate of 20% per annum and was repayable on or before August 5, 2019, and \$100,000 is owing pursuant to an additional loan agreement, does not bear interest and is due on demand. All loan amounts remain payable and a total of \$96,000 in interest has been accrued on the balances owing as at June 30, 2020 (2019 - \$60,000), and all of the loans are unsecured. All other amounts are non-interest bearing and have no fixed terms of repayment. During the year ended June 30, 2020, the Company accrued \$40,000 (2019 - \$40,000) in interest on these loans. In addition, an amount totalling \$254,452 (2019 - \$126,000) is owing for consulting services performed by the President of the Company.

In addition, during the year ended June 30, 2020;

- \$72,000 (2019 - \$72,000) was paid or accrued to the President of the Company for site exploration costs and was included in deferred exploration costs and is included in the \$254,452 owing above, and;
- \$20,000 (2019 - \$nil) was accrued as professional fees and is owing to a company controlled by Darren Battersby, the Chief Financial Officer as at June 30, 2020.

As at June 30, 2020, \$406,558 (2019 - \$406,558) was owed to a former President of the Company and \$300,684 (2019 - \$300,684) was owed to a company owned by a former President of the Company. The outstanding balances remain in accounts payable as at June 30, 2020.

During the year ended June 30, 2018, the Company received notice of a claim filed by a former President of the Company seeking to collect the outstanding balances as well as additional interest and other charges in the amount of \$1,047,615. 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

Subsequent to June 30, 2020, the Company, entered into an agreement to acquire certain mineral assets in Brazil from Coltan Gold Mining Inc. ("CGM"), a private company located in Vancouver B.C. The transaction has been conditionally approved by the TSX Venture Exchange.

In relation to transaction and upon completing a financing, the Company is to provide the following as total consideration to CGM:

- 2,000,000 common shares;
- A 2 year unsecured convertible debenture with a principal amount of \$1,250,000 bearing a 4% annual interest rate convertible at \$0.40 per share, and;
- A 2 year \$500,000 USD loan bearing a 6% annual interest rate.

1.12 Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2020 reporting period. These standards are not expected to have a significant impact on the Company's financial statements:

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

On adoption of the new standard, the Company recognizes any future lease liabilities at the present value of the remaining lease payments, discounted by the Company's incremental borrowing rate as at that time. The corresponding right of use asset will initially be measured at the amount equal to the lease liability. As at June 30, 2020, the Company did not have any lease contracts, thus there is no impact on the consolidated financial statements.

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

1.13 Financial Instruments and Risk Management

The Company's financial instruments consist of cash, amounts receivable, security deposits, accounts payable and accrued liabilities, due to related parties and loan payable. 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 June 30, 2020, the Company had a cash balance of \$22,263 to settle current liabilities of \$2,020,261. 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

current financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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 June 30, 2020.

(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 preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results may differ from these expectations and the corresponding amounts and disclosures reported in these financial statements.

Areas where management is required to make significant estimations or where measurements are uncertain are as follows:

i) Mineral properties and deferred exploration costs

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.

ii) Reclamation provision

The Company records a reclamation provision for the discounted present value of expected future expenditures, if any, required to environmentally reclaim its mineral properties. The measurement of this provision, if one exists, is based on estimates for the amounts and timing of future cash flows.

Differences between actual cash flows and those estimated could result in the reclamation provision being over or understated.

iii) Taxation

Tax provisions are recognized to the extent that it is probable that there will be a future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Company.

Deferred tax assets are recognized to the extent that certain taxable losses or deferred expenditures will be utilized by the Company to reduce future taxes payable. The amount of deferred tax assets recognized, if any, is based on objective evidence that the Company will generate sufficient future taxable income to utilize these deferred tax assets, as well as the expected future tax rates that will apply to these assets. Changes to the Company's ability to generate sufficient taxable income or changes to enacted tax rates could result in the write-down of deferred tax assets, or the recognition of new deferred tax assets.

iv) Share-based compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. This model requires management to estimate the volatility of the Company's future share price, expected lives of stock options and future dividend yields. Consequently, there is significant measurement uncertainty in the share-based compensation expense reported.

1.15 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 5,921,885 common shares outstanding, 31,250 stock options outstanding, and 3,470,000 share purchase warrants outstanding and exercisable.

General and Administrative Expenses

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
Amortization	\$ nil	\$ 1,072	\$ 282
Consulting fees	20,000	15,400	53,345
Filing fees	19,168	18,297	5,200
Interest and finance fees	45,915	45,280	40,000
Office and miscellaneous	11,627	16,964	20,994
Professional fees	47,631	28,124	30,435
Transfer agent fees	15,724	-	1,996
	<u>\$ 160,065</u>	<u>\$ 125,137</u>	<u>\$ 152,252</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.

	June 30, 2020	June 30, 2019	June 30, 2018
Mineral properties and deferred exploration costs, beginning of year	\$ 1,378,239	\$ 1,275,231	\$ 1,199,279
Additions during the year			
Acquisition costs	1,110	11,980	-
Property and mining taxes	4,942	74	399
Site exploration	159,021	143,052	137,405
Government assistance & other income	<u>(37,364)</u>	<u>(52,098)</u>	<u>(61,852)</u>
Mineral properties and deferred exploration costs, end of year	<u>\$ 1,505,948</u>	<u>\$ 1,378,239</u>	<u>\$ 1,275,231</u>

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.