

JAZZ RESOURCES INC.
QUARTER ENDED SEPTEMBER 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 quarter ended September 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 November 30, 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 has been the development of the Teddy Glacier and Spider properties located in the Revelstoke and Camborne mining districts of British Columbia, Canada. Recently, Jazz is in the process of acquiring an interest in mining properties located in Brazil.

On July 31, 2020, the Company announced a proposed arms-length transaction to acquire from Coltan Gold Mining Inc. ("CGM"), a private company based in Vancouver, British Columbia, its interests in and to the Vila Nova gold exploration and development project in Brazil. The Company will purchase from CGM a joint venture royalty agreement ("JV Royalty Agreement") between CGM and Eco Mining Oil & Gaz Drilling and Exploration EIRELLI ("Eco"), a "Green Seal" mining operator, where CGM has acquired a 50% net profits interest in the Vila Nova property in Amapa, Brazil.

Under the JV Royalty Agreement, CGM has agreed to make the following payments to Eco, subject to satisfactory project assessment prior to each stage of funding:

- On or before September 30, 2020 of the JV Royalty Agreement, USD\$500,000 to fund the 2,000m drilling program and related costs needed to complete the business plan to construct a 1,280 t/d bulk exploitation program on the Vila Nova property (the "Initial Program");
- On or before November 15, 2020, a second payment of USD\$500,000, and;
- On or before May 5, 2021, a final payment of USD\$5,000,000.

In consideration, Eco has granted to CGM a 50% net profits interest from all products and minerals produced from the property (50% of gross proceeds after costs) and exclusive rights to explore and develop the property, including initiating and carrying out commercial production. Eco will remain the sole operator of all mining-related activity on the property, including environmental remediation. CGM will have the right, at any time, prior to completing the payments under the JV Royalty Agreement, to give notice to Eco to terminate the JV Royalty Agreement, and all payments made by under the JV Royalty Agreement to Eco will be secured loan advances bearing interest at 6% per annum for a two-year term and shall be repayable by Eco.

To date CGM has advanced USD\$540,000 to Eco on behalf of the Estrela property (which Eco has agreed is repayable under the JV Royalty Agreement in accordance with its terms), USD\$140,000 to Eco under the JV Royalty Agreement, and paid CAD\$35,000 for a draft report on the Vila Nova property.

Under the proposed terms of the agreement between the Company and CGM, Jazz is required to provide a USD\$500,000 loan to CGM to fund the Initial Program to explore and assess the merits of conducting further exploration and development on the property. If warranted, the Company can continue its participation by raising up

to USD\$5.5 million to place the 1280 t/per day plant into operation on the Vila Nova property. Any such production shall not be based on a feasibility study of mineral reserves demonstrating.

The Company continues to investigate the Teddy Glacier and Spider mineral claims and properties. The Company has liquidated and sold some surplus real estate.

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.

Subsequent to September 30, 2020, the Company:

- Completed a private placement by issuing 8,705,000 Units at a price of \$0.20 per unit for gross proceeds of \$1,741,000. Each unit is comprised of one common share and one share purchase warrant. Each Warrant entitles the holder to purchase one common share at a price of \$0.39 until six months from the date of issuance, and;
- Disposed of additional lots in connection with the Spider Property for the proceeds of \$75,000.

1.3 Selected Quarterly Information

	Three Month Period Ended September 30, 2020	Three Month Period Ended September 30, 2019
	\$	\$
Total revenues	Nil	Nil
General and administrative expenses	47,856	29,671
Loss for the period	(47,856)	(29,671)
Loss per share – basic and diluted	(0.02)	(0.01)

	As at September 30, 2020	As at June 30, 2020
	\$	\$
Total assets	1,539,608	1,607,075
Total financial liabilities	1,651,650	2,020,261
Cash dividends declared – per share	Nil	Nil

The Company had net loss of \$47,856 for the period ended September 30, 2020 compared to a net loss of \$29,671 for the period ended September 30, 2019.

The Company saw its assets decrease from approximately \$1.6M as at June 30, 2020 to approximately \$1.5M as at September 30, 2020. The decrease in total assets from the previous year was due the disposition of six Spider Property lots in the quarter.

The Company also saw its liabilities decrease from approximately \$2.0M as at June 30, 2020 to approximately \$1.65M as at September 30, 2020. The decrease in liabilities was due to repayments made to related parties.

1.4 Results of Operations for the three month period ended September 30, 2020

This review of the results of operations should be read in conjunction with the condensed interim consolidated financial statements of the Company for the quarter ended September 30, 2020.

Overview

For the three month period ended September 30, 2020, the Company had net loss of \$47,856 compared to a net loss of \$29,671 for the same period ended September 30, 2019. The increase was largely due to professional fees and consulting fees incurred during the current period. The increase in professional fees was in relation to the sale of the lots during the period as well as the legal fees required to structure the CGM mineral asset acquisition.

Expenses

General and administrative expenses totaled \$47,856 for the period. The largest expense items were professional fees of \$19,208 and consulting fees of \$10,000. These items accounted for approximately 79% of the Company's total general and administrative expenses.

Total assets

Total assets of the Company as at September 30, 2020 were \$1,539,608, a decrease of \$67,467 from \$1,607,075 as at June 30, 2020, largely as a result of the receipt of accounts receivable related to mineral properties and deferred exploration costs and the sale of six lots of the Spider property.

1.5 Liquidity

Working Capital

As at September 30, 2020 the Company had \$4,699 (June 30, 2020 - \$22,263) cash on hand and a working capital deficiency of \$1,787,893 as compared to a working capital deficiency of \$1,952,634 at June 30, 2020.

The decrease in working capital deficiency was primarily due to decreases in accounts payable, loan payable and due to related parties. As at September 30, 2020, the Company accounts payable of \$1,284,316 (June 30, 2020 - \$1,298,689), had loans payable of \$6,486 (June 30, 2020 - \$76,120), and balance owed to related parties of \$360,848 (June 30, 2020 - \$645,452).

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.

On July 31, 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.

In order to finance the transaction with CGM, the Company completed a private placement by issuing 8,705,000 Units at a price of \$0.20 per unit for gross proceeds of \$1,741,000.

1.6 Capital Resources

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

1.7 Off-Balance Sheet Arrangements

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

1.8 Transactions with Related Parties

As at September 30, 2020, a total of \$330,848 (June 30, 2020 - \$625,452) was owing to 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 \$49,848,000 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 \$106,000 in interest has been accrued on the balances owing as at September 30, 2020 (June 30, 2020 - \$96,000), and all of the loans received are unsecured. All other amounts are non-interest bearing and have no fixed terms of repayment.

During the three-month period ended September 30, 2020, the Company;

- accrued \$10,000 (2019 - \$10,000) in interest on these loans;
- repaid \$225,000 of loans, and;
- received an additional \$40,396 of advances from the President.

In addition, during the period ended September 30, 2020, \$10,000 was accrued as professional fees and is owing to a company controlled by the Chief Financial Officer as at September 30, 2020 for a total owing of \$30,000 (June 30, 2020 - \$20,000).

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

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 \$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.

1.9 Proposed Transactions

There are no proposed transactions at this time.

1.10 Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the September 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 September 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.

1.11 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 September 30, 2020, the Company had a cash balance of \$4,699 to settle current liabilities of \$1,796,650. 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 September 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.

1.12 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) 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.

1.13 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 8,131,885 common shares outstanding, 31,250 stock options outstanding, and 5,702,500 share purchase warrants outstanding and exercisable.

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.