

JZR GOLD INC.
(Formerly Jazz Resources Inc.)

THREE MONTHS ENDED SEPTEMBER 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notice to Readers

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements of JZR Gold Inc (formerly Jazz Resources Inc.) ("JZR" or "the Company") for the three-month period ended September 30, 2022 and the related notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

1.1 Date

This MD&A is prepared as of November 28, 2022. 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 Company continues to develop the Teddy Glacier and Spider properties located in the Revelstoke and Camborne mining districts of British Columbia, Canada, but is currently focused primarily on venture in Brazil with Eco Mining Oil & Gaz Drilling and Exploration EIRELI ("Eco").

On January 20, 2021, JZR closed its acquisition from Coltan Gold Minerals Inc. ("Coltan") of Coltan's interest in and to a JV Royalty Agreement (as defined below) respecting the Vila Nova gold exploration and development project located in Amapa, Brazil. As consideration for Coltan's interests in the JV Royalty Agreement, the Company issued Coltan 5,125,000 common shares.

Pursuant to a purchase and sale agreement between the Company and Coltan dated September 2, 2020, the Company acquired all of Coltan's interest in a JV Royalty Agreement dated July 6, 2020 ("JV Royalty Agreement") between Coltan and Eco wherein JZR shall have the option and right to acquire a 50% net profits interest in the Vila Nova property. Pursuant to the terms of the JV Royalty Agreement, in order to exercise the option and acquire the rights thereunder, the Company must make the following payments to Eco, subject to satisfactory project assessment prior to each stage of funding:

1. an initial payment of USD\$500,000 to fund the 2,000 m 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 (payment made by third party prior to acquisition of the JVRA);
2. a second payment of USD\$500,000 (paid); and
3. a final payment of USD\$5,000,000, or as mutually agreed between the parties.

As of September 30, 2022, \$7,616,192.48 (\$5,699,930 USD) had been paid to Eco in relation to the payments for the option and acquisition of the profits interest. Additional payments totaling \$138,195 (\$100,000 USD) were made subsequent to September 30, 2022. The intention is to fund as much as the project needs to be profitable, at which time Eco will repay the advanced funds to the Company prior to any profit participation splits as described below. Eco and JZR will mutually agree on when the option and acquisition of the profits interest has been completed. The primary intent for the funding is to produce a functioning mill to process the gold ore.

If exercised and all required payments are made (and after the loans have been repaid), JZR shall receive a 50% net profits interest from all products and minerals produced from the Vila Nova property 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. In the event the agreement is terminated, any cash advances made will convert into a two year loan bearing 6% interest.

JZR 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 (either previously made by Coltan or currently made by JZR) to Eco will be secured and converted to a loan bearing interest at 6% per annum for a two-year term.

Summary of Activities at Vila Nova Mining Site

The Company has commenced exploration and development on the Vila Nova property, which includes 2,000 m of drilling. Assays from fifteen samples from two different accumulations of tailings materials were received. Initial results from the fifteen samples average 19.4 g/tonne gold with a range from zero to 49.9 g/tonne gold.

In June 2021, sampling conducted on the property had returned multiple samples running as high as 10-50 grams per tonne over thicknesses averaging about 3 meters over the 111.7 hectares. The Company's estimated exploration target of between 7.8 and 9.5 million tonnes grading between 2.4 to 3.0 grams per tonne. Pursuant to a geological report on the Vila Nova Gold Project prepared in June 2021 by geological engineer Hamilton Antonio Giampietro of GENESIS GEOLOGIA ME located in Macapa, Amapa State, Brazil, Mr. Giampietro concludes that an average grade of 2.7 grams gold per tonne can be considered, for a projected contained gold content of in excess of 700,000 ounces within the 111.7 hectares in nine separate accumulations of previously mined materials.

In October 2021, drilling on the bedrock portion of the Vila Nova gold project has intersected veins totaling 23.09 meters grading 31.58 g/t (one ounce per tonne) at a vertical depth of 74.47 meters. Further drilling had also intersected multiple veins with visible gold in all four drill holes, including the previously reported veins totaling 23.09 meters grading 31.58 g/t (one ounce per tonne) at a vertical depth of 74.47 meters.

In June 2022, the Company received a technical report that was commissioned by Eco to analyze prior exploration work and evaluate the exploration potential of the Vila Nova Project. Highlights of the report include:

- Exploration potential can be stated as between 54 million tonnes grading 2.08 g/t gold potentially containing 3.6 million ounces of gold, and 92 million tonnes grading 1.75 g/t gold potentially containing 5.2 million ounces of gold.
- The report indicates that conclusions are based on the modelling of the Vila Nova Project derived from the results of both historical and current drilling of 59 historical holes totaling 7,684 meters.
- Only 1 km of the 3 km strike length has been drill-tested

In October 2022, the bulk sampling mill was completed and testing of the mill had commenced. In addition, Vila Nova Project had received final environmental approvals and all requisite permits from the regulatory authorities in Brazil with full production expected to commence in December 2022.

The reader is cautioned that, as assays have not been completed on the remaining holes, these results are selective and may not represent the values over the property in general.

Other activities

During the three-month period ending September 30, 2022, the Company issued 998,093 units for total gross proceeds of \$648,760 by way of a private placement. Each unit consists of one common share and one share purchase warrant to acquire an additional common share of the Company at \$0.80 per share for 12 months. Subsequent to the quarter-end, JZR issued an additional 736,924 units for gross proceeds of \$479,000. In addition, the Company received \$70,000 for the exercise of 200,000 stock options by an officer of JZR.

1.3 Selected Quarterly Information

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
	\$	\$
Total revenues	Nil	Nil
General and administrative expenses	323,235	250,936
Loss for the period	(323,235)	(250,936)
Loss per share – basic and diluted	0.01	(0.02)
	As at June 30, 2022	As at June 30, 2021
	\$	\$
Total assets	10,250,380	9,799,701
Total financial liabilities	2,995,927	2,963,601
Cash dividends declared – per share	Nil	Nil

The Company had net loss of \$323,325 for the three-month period ended September 30, 2022, compared to a net loss of \$250,936 for the same period ended September 30, 2021.

The Company saw its assets increase from approximately \$9.8M as at June 30, 2022, to approximately \$10.3M as at September 30, 2022. The increase in total assets was due to an increase of cash balances due to the increase in deferred acquisition of net profits interest in the JVRA from Coltan Gold Minerals Inc for the Vila Nova property during the year.

The Company's liabilities remained relatively constant at approximately \$3M. as at September 30, 2022.

1.4 Results of Operations for the three-month period ended September 30, 2022

This review of the results of operations should be read in conjunction with the condensed interim financial statements of the Company for the three-month period ended September 30, 2022.

Overview

For the three-month period ended September 30, 2022, the Company had net loss \$323,325 compared to a net loss of \$250,936 for the same period ended September 30, 2021. The increase was largely due to the higher level of consulting fees paid to run the Company and manage the exploration of the site in Brazil as well as the share based compensation related to the options granted.

Expenses

Overall, expenses have increased in relation to the prior year due to increased involvement in Villa Nova project.

General and administrative expenses totaled \$323,325 for the period where in the previous year for the same period it was \$250,936.

The largest expense items were accretion of \$61,623, interest of \$37,769, consulting fees of \$101,300, as well as share-based compensation of \$78,578. These items accounted for approximately 88% of the Company's total general and administrative expenses.

1.5 Summary of Quarterly Results

	Three Months Ended							
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
	2022	2022	2022	2021	2021	2021	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(323,235)	(1,418,531)	(246,709)	(289,321)	(250,936)	(134,040)	(219,392)	(67,187)
Net Loss per share	\$ (0.01)	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)

1.6 Liquidity

Working Capital

As at September 30, 2022 the Company had \$179,785 (June 30, 2022 - \$458,237) cash on hand and working capital deficiency of \$2,711,347 as compared to a deficiency of \$2,445,233 at June 30, 2022. The decrease in working capital was primarily due to the advancements of funds in relation to the JVRA and issuance of convertible debt.

As at September 30, 2022 the Company had amounts receivable of \$18,538 (June 30, 2022 - \$12,032), accounts payable of \$1,216,648 (June 30, 2022 - \$1,262,513), and balance owed to related parties of \$1,843 (June 30, 2022 - \$17,045). In addition, the Company has recorded \$9,207,192 as deferred net profit interest costs (June 30, 2022 - \$8,546,874).

Outlook

The future operations of the Company are dependent on its ability to raise sufficient funds to carry out its exploration activities. Although early results from the Vila Nova property are promising, there is no assurance the amount of gold ore is economically accessible and in order for the Company to realize on any return on its investment could still require a significant amount of investment and raising additional capital to fund operations.

1.7 Capital Resources

The Company is dependent on the sale of share capital and other alternative methods of financing in order to finance its future activities, until a time that it sees a return of its loans and investments in the property in Brazil.

During three-month period ended September 30, 2022, the Company received:

- \$648,760 by way of a private placement, with an additional \$479,000 received subsequent to the quarter-end; and,
- \$70,000 by way of an option exercise by an officer of JZR.

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, 2022, a total of \$23,157 (June 30, 2022 - \$2,045) was owing by the President of the Company.

During the three-month period ended September 30, 2022, the Company:

- Received services from a company owned by the President of the Company with a value of \$45,000;
- repaid loans of \$24,430.

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

In addition, during the three-month period ended September 30, 2022, \$7,500 was charged for professional fees to a company controlled by the Chief Financial Officer. As at September 30, 2022, a total of \$25,000 was due to this company (June 30, 2022 - \$15,000).

As at September 30, 2022, \$406,558 (June 30, 2022 - \$406,558) was owing to former President of the Company and \$300,684 (June 30, 2022- \$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, 2022.

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.

1.10 Proposed Transactions

None

1.11 Future Accounting Standards and Interpretations

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

1.12 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, loan payable and convertible debentures payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2022 as follows:

Fair Value Measurements Using				
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Balance, September 30, 2022 \$
Cash	179,785	–	–	179,785

As September 30, 2022, the Company's cash is measured at level 1 inputs of the fair value hierarchy, consisting of quoted prices in active markets for identical assets. The fair value of all other financial instruments approximates their carrying values due to the relatively short-term maturity of these instruments.

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, 2022, the Company had a cash balance of \$179,785 to settle current liabilities of \$2,995,927. 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.

(b) Foreign currency risk

The Company does not have assets or liabilities 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.

1.13 Critical Accounting Estimates

The preparation of these 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.

v) *Convertible debenture*

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

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 29,524,190 common shares outstanding, 2,325,000 stock options outstanding, and 5,850,647 share purchase warrants outstanding and exercisable.

General and Administrative Expenses

	Note	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
EXPENSES			
Filing fees	\$	9,578	\$ 1,511
Interest and charges	8,9	37,769	43,900
Office and miscellaneous		17,973	4,765
Accretion expense	9	61,623	71,583
Professional fees		15,000	39,865
Consulting fees		101,300	45,999
Transfer agent fees		1,414	3,980
Share based compensation	10	78,578	39,333
Total general and administrative expenses		323,235	250,936

Mineral Property and Deferred Exploration Costs

The Company owns two mineral properties: the Teddy Glacier Property and the Spider Property which are both located in the Province of British Columbia (“B.C.”). The Teddy Glacier Property is located in the Revelstoke Mining Division in B.C., comprising of claims that are 100% owned by the Company. The Spider Property is comprised of certain Crown granted mineral claims and several land lots in fee simple within the township of Camborne, B.C.

During the year ended June 30, 2022, the Company abandoned 4 mineral property titles on Teddy Glacier as it determined that they were no longer economically feasible, as such, the Company recorded an impairment of \$935,984.

The following table summarizes mineral rights and property costs, by property:

	Teddy Glacier	Spider	Total
Balance, June 30, 2021	\$ 929,106	\$ 604,905	\$ 1,534,011
Site exploration	6,879	96,053	102,932
Impairment	(935,984)	-	(935,984)
Balance, June 30, 2022	1	700,958	700,959
Site exploration	-	24,149	24,149
Balance, September 30, 2022	\$ 1	\$ 725,107	\$ 725,108

Deferred Net Profit Interest Costs

On January 20, 2021, the Company acquired from a third party, its interest in a JV Royalty Agreement dated July 6, 2020 (“JVRA”) with Eco Mining Oil & Gas Drilling and Exploration EIRELI (“Eco”) respecting the Vila Nova gold exploration and development project located in Amapa, Brazil.

Pursuant to a purchase and sale agreement, the Company acquired a 100% interest in the JVRA, wherein the Company shall have the option and right to acquire a 50% net profits interest in the Vila Nova property. Pursuant to the terms of the JVRA, in order to exercise the option and acquire the rights thereunder, the Company must make the following payments to Eco, subject to satisfactory project assessment prior to each stage of funding:

- an initial payment of USD\$500,000 to fund the 2,000 m 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 (payment made by third party prior to acquisition of the JVRA);
- a second payment of USD\$500,000 (paid); and
- a final payment of up to USD\$5,000,000 or as mutually agreed between the parties.

As of September 30, 2022, \$7,616,192.48 (\$5,699,930 USD) had been paid to Eco in relation to the payments for the option and acquisition of the profits interest. Additional payments totaling \$138,195 (\$100,000 USD) were made subsequent to September 30, 2022.

If exercised and all payments are made, the Company shall receive a 50% net profits interest from all products and minerals produced from the Vila Nova property 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. In the event the JVRA is terminated, the cash amounts advanced will convert into a 2 year term loan with interest bearing 6% per annum.

The following table summarizes the net carrying value of the deferred acquisition of net profit interests:

	Vila Nova
Balance, June 30, 2021	\$ 4,873,959
Option and acquisition payments made	3,672,915
Balance, June 30, 2022	\$ 8,546,874
Option and acquisition payments made	660,318
Balance, September 30, 2022	\$ 9,207,192

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.

Subsequent Events

Subsequent to September 30, 2022, the Company:

- Made additional payments of \$138,195 in relation to the purchase of the JVRA;
- Issued 736,924 units at a price of \$0.65 per Unit for gross proceeds of \$479,000. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant shall entitle the holder to acquire one additional common share in the capital of the Company at a price of \$0.80 per Share for a period of 12 months after the date of issuance;
- Granted 200,000 stock options to an officer of the Company;
- Changed its name from Jazz Resources Inc. to JZR GOLD Inc.; and
- Sold 3 lots of the Spider property for proceeds of \$15,000.