

JAZZ RESOURCES INC.
QUARTER ENDED DECEMBER 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Note to Readers

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements of Jazz Resources Inc. (the "Company") for the three month period (quarter) ended December 31, 2010.

1.1 Date

This MD&A is prepared as of February 21, 2011. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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, Spider, and Burniere properties located in the Revelstoke mining district of British Columbia, Canada.

In 2009 the Company completed and stockpiled a bulk sample from the Teddy Glacier property.

On January 20, 2010 the Company announced its exploration plan for 2010. The strategy included resuming work on the Teddy Glacier property with a 9,000 tonne bulk sampling program as well as a diamond drill program.

The Company plans to rehabilitate the Spider property with the intent of reopening the mine in the near future. The Company has already obtained a permit to investigate, excavate, and trench a new vein discovered in 2008 near the Spider Mine.

In September 2010 the Company completed a limited logging operation on its properties in the Camborne area of British Columbia. The proceeds of this operation were used to pay trade accounts payable.

On September 16, 2009 the Company acquired eight existing mineral claims (the Burniere property) adjacent to the Company's Teddy Glacier property. The Company paid \$12,500 and issued to Mr. Ken Sanders, the vendor of the properties, 25,000 common shares of the Company with a value of \$13,000. The claims are accessible and have good exploration potential.

1.3 Selected Quarterly Information

	Quarter ended December 31, 2010	Quarter ended December 31, 2009
	\$	\$
Total revenues	Nil	Nil
General and administrative expenses	(75,747)	82,991
(Loss) income for the period	(22,441)	(82,991)
(Loss) income per share – basic and diluted	(0.01)	(0.01)
Total assets	834,459	882,316
Total financial liabilities	606,557	440,272
Cash dividends declared – per share	Nil	Nil

The decrease in the net loss for the period ended December 31, 2010 compared to the corresponding period in 2009 was due largely to timber sales. The decrease in total assets from the previous period is due to a decrease in mineral property and deferred exploration costs. The increase in liabilities was caused by an increase in amounts due to related parties.

1.4 Results of Operations for the quarter ended December 31, 2010.

This review of the Results of Operations should be read in conjunction with the unaudited Consolidated Financial Statements of the Company for the period ended December 31, 2010.

Overview

For the period ended December 31, 2010, the Company incurred a net loss of \$22,441 compared to a net loss of \$82,991 for the period ended December 31, 2009.

Revenues

The Company had revenue from timber sales during the period.

Expenses

General and administrative expenses totaled \$75,747 for the period. The three largest expense items were professional fees \$20,323, management fees \$19,500, and consulting fees of \$10,500. These three items accounted for approximately 66% of the Company's total general and administrative expenses.

Amounts Due to Related Parties

Amounts due to related parties at December 31, 2010 totalling \$569,965 are owing to a company controlled by a director of the Company, a director of the Company, and two shareholders of the Company.

Total assets

Total assets as at December 31, 2010 (\$834,459) decreased by \$10,071 from \$844,530 as at June 30, 2010 as a result of a decrease in cash.

1.5 Summary of Quarterly Results

	Three Months Ended			
	December 31 2010	September 30 2010	June 30 2010	March 31 2010
	\$	\$	\$	\$
Total Revenues	0	0	0	0
Net Income (Loss)	(22,441)	(49,508)	(100,326)	(66,717)
Net Loss per share (basic and diluted)	(.01)	(.01)	(.01)	(.01)

	Three Months Ended			
	December 31 2009	September 30 2009	June 30 2009	March 31 2009
	\$	\$	\$	\$
Total Revenues	0	0	0	0
Net Income (Loss)	(82,991)	(127,742)	(180,274)	(73,470)
Net Loss per share (basic and diluted)	(.01)	(.01)	(.01)	(.01)

Net loss in the last quarter above was lower than the previous quarter because of timber revenue.

1.6 Liquidity

Cash Flow from Operations

The Company recorded a net loss of \$22,441 for the period ended December 31, 2010, compared to a net loss of \$82,991 for the period ended December 31, 2009. All of these costs were in relation to general and administrative expenditures.

Working Capital

As at December 31, 2010, the Company had \$2,566 cash on hand. As at December 31, 2010, the Company had a working capital deficiency of \$465,364 as compared to working capital deficiency of \$356,845 at December 31, 2009. The decrease in working capital was caused by an increase in amounts due to related parties. As at December 31, 2010 the Company had trade accounts payable of \$36,592 and amounts due to related parties of \$569,965.

Debt and Other Obligations

The Company has no other debt.

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 equity and shareholder loans in order to finance its activities.

On January 28, 2008 the Company completed a prospectus offering of 2,323,200 shares at a price of \$0.45 per share for total gross proceeds of \$1,045,440.

A new stock option plan was approved by the shareholders at the Annual General Meeting held on April 8, 2009. Under the new plan the maximum number of shares that can be issued has been increased to 2,800,700 from 2,336,081.

On December 4, 2009 the Company closed a private placement of \$101,000 (252,500 units) by way of a non-brokered private placement of units at a price of \$0.40 per unit. Each unit consists of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one common share of the Company at a price of \$0.50 per share for a period of 18 months from the date of closing.

1.8 Off-Balance Sheet Arrangements

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

1.9 Transactions with Related Parties

Amounts due to related parties at December 31, 2010 totalling \$569,965 are owing to a company controlled by a director of the Company, a director of the Company, and two shareholders off the Company.

During the period ended December 31, 2010, the Company paid or accrued accounting fees of \$3,642 to an officer of the Company.

During the period ended December 31, 2010, the Company paid or accrued management fees of \$19,500 pursuant to a management agreement with the Manager. The Company has agreed to pay \$6,500 per month to the Manager as remuneration for services, commencing on the date the Company listed on the TSX Venture Exchange, January 28, 2008.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

1.10 Fourth Quarter Adjustments

None.

1.11 Proposed Transactions

None.

1.12 Changes in Accounting Policies including Initial Adoption

Adoption of new accounting policies

CICA Handbook Section 3064 - Goodwill and other intangibles assets

This new section replaces Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. The Company adopted the new standard on July 1, 2009, which did not have a material impact on their financial statements.

1.13 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, receivables, 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.

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 14,281,105 common shares outstanding and 1,925,000 stock options outstanding.

General and Administrative Expenses

	Quarter Ended December 31, 2010	Quarter Ended December 31, 2009
Amortization	834	1,138
Consulting fees	10,500	15,500
Filing fees	3,185	2,144
Interest and penalties	5,734	
Management fees	19,500	13,000
Office and miscellaneous	3,208	2,114
Professional fees	20,323	15,127
Salaries and Benefits	2,515	1,920
Stock based compensation	5,510	29,524
Transfer agent fees	4,238	2,524
Travel and entertainment	200	
	<u>\$ 75,747</u>	<u>\$ (82,991)</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.

	December 31, 2010	December 31, 2009
Deferred exploration costs, beginning of quarter	\$ 674,484	\$ 711,147
Additions during the quarter		
Acquisition costs		-
Camp operation		-
Contractors		98,388
Property and mining taxes		-
Site exploration		35,382
Government assistance & subsidies		<u>(69,573)</u>
Deferred exploration costs, end of quarter	<u>\$ 674,484</u>	<u>\$ 755,344</u>

Mineral Property and Deferred Exploration Costs by Property December 31, 2010

	Teddy Glacier	Spider	Total
Deferred exploration costs, beginning of quarter	\$ 536,590	\$ 137,894	\$ 674,484
Additions during the quarter			
Acquisition costs			
Contractors			
Property and mining taxes			
Site exploration			
Government assistance and subsidies			
Deferred exploration costs, end of quarter	\$ 536,590	\$ 137,894	\$ 674,484

Subsequent Events

Outlook

The Company's objective is to carry out its exploration program.

Changeover Plan to International Financial Reporting Standards (“IFRS”)

In February 2008, the Accounting Standards Board (“AcSB”) confirmed that Canadian generally accepted accounting principals (“GAAP”) for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (IASB) will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company’s consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on July 1, 2011. As a result, the Company will begin to develop a plan to convert its Consolidated Financial Statements to IFRS. The Company will provide training to key employees and will be monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting.

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.