

VALOREM RESOURCES INC.

(formerly JDF Explorations Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three Months ending 31 July 2020

DATE

The following Management Discussion & Analysis ("MD&A") has been prepared as July 31, 2020 and is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Valorem Resources Inc. formerly "JDF Explorations Inc." ("Valorem" or the "Company") for the three months ending July 31, 2020. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are posted on the SEDAR website (see www.sedar.com). The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and is listed on the Canadian Stock Exchange trading symbol Valorem.

FORWARD LOOKING STATEMENTS

Certain statements in this report may be forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about our current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of minerals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Except as may be required by applicable law or stock exchange regulation, Valorem undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If Valorem updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking

statements.

Additional information relating to Valorem is available by accessing the SEDAR website at www.sedar.com.

OVERVIEW AND INTRODUCTORY COMMENT

Valorem purchased the Blue Hawk Claims in June 2014. During the year ended 30 April 2020, the junior resource market conditions and the uncertainty associated with the Company's ability to exploit any future economic benefits on its Blue Hawk property, the Company chose to make a payment to the Minister of Finance, in lieu of completing exploration and development work on the Blue Hawk property.

OPERATING MILESTONES

Black Dog Lake Gold property, Quebec

In August 2020, the Company signed an option agreement to purchase Black Dog Lake Gold property, which comprises 19 contiguous mineral claims covering 1,003 hectares, located in the James Bay region of Quebec. Under the terms of the option agreement, the Company agrees over three years, to pay a total of \$195,000 cash, to issue a total of 2.75 million common shares, and to spend a total of \$750,000 in exploration expenditures on the property.

East Cortez Gold project, Nevada

On January 14, 2020, ("the Closing Date"), the Company signed an asset purchase agreement (the "APA") with an arm's length party (the "Vendor") to acquire 32 lode mining claims comprising the East Cortez Gold project, in Eureka County, Nevada. The APA required total cash payment of \$435,000 and total issuance of 500,000 common shares.

Subsequent to the signing of the APA, due to limitations caused by the COVID-19 pandemic, the Company was unable to send personnel to the property to conduct the work program, and as a result on April 30, 2020, the Company and the Vendor decided to terminate the APA agreement. Pursuant to the termination agreement, the Vendor agreed to forgive the payment of the \$25,000 cash and to return 150,000 common shares to the Company (fair valued at \$11,250). During the quarter, the Company received the 150,000 common shares back and cancelled them from Treasury.

Blue Hawk Property, British Columbia

The Company earned a 100% interest in the Blue Hawk property, which consists of the Blue Hawk claims located near Kelowna, British Columbia in 2015 and it continues to be the Company's primary exploration property. While evaluating the future economic benefits on its Blue Hawk property, the Company chose to make a payment to the Minister of Finance, in lieu of completing exploration and development work on the property. The Blue Hawk property claims remain in good standing.

FINANCIAL CONDITION

CAPITAL RESOURCES

During the three months Ended July 31, 2020, the Company cancelled and returned to treasury 150,000 common shares (year ended April 30, 2020 – issued 2,801,666) common shares as follows:

- During the quarter, the Company received and returned to treasury 150,000 common shares when the APA on the East Cortez Gold project, in Eureka County, Nevada was cancelled.
- On August 28, 2019, the Company issued 1,666,666 common shares through a non-brokered private placement at \$0.03 per share for proceeds of \$50,000.
- On October 25, 2019, the Company closed a non-brokered private placement of 835,000 Units at \$0.30 per unit. Each unit consists of one common share and one share purchase warrant for proceeds of \$250,500. Each warrant entitling the holder to acquire a Common Share at a price of \$0.40 for a period of five years from the date of issuance.
- On January 24, 2020, the Company issued 300,000 common shares pursuant to the asset purchase agreement for the East Cortez Gold project with a fair value of \$85,000. As noted above, ongoing uncertainty and the ability to reasonably determine when work could begin, the Company terminated the agreement. Pursuant to termination the parties settled all claims against the other. As part of the settlement, Valorem agreed to assign,

convey, and transfer the Mining Claims to the Vendor and the Vendor returned to Valorem for cancellation 150,000 common shares of Valorem.

Liquidity and Capital Resources

On July 31, 2020, the Company had \$413 (April 30, 2020 - \$4,712) in cash and a working capital deficit of \$202,845 (April 30, 2020 \$126,658). On September 4, 2020, the Company closed a non-brokered private placement and issued 3,450,000 units of the Company at a price of \$0.10 per Unit. Each Unit consists of one common share of the Company and one-half of one transferrable Share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one additional share at a price of \$0.15 for term of 1 year following closing, being September 4, 2021. The Share purchase warrant is subject to acceleration

The Company will continue to consider all sources of financing reasonably available to it, including, equity, debt, and the sale of assets or parts of assets, including mineral properties. There can be no assurance of continued access to finance in the future and an inability to secure financing may require the Company to reduce or defer exploration and development activities.

Selected quarterly information:

| | | Cash | Total Assets | Mineral Properties | Total Liabilities | Net Income (Loss) | Net Income (Loss) per share |
|------------------|-----------|------------|---------------|--------------------|-------------------|-------------------|-----------------------------|
| 31-Oct-18 | Q2 | 15,982 | 17,480 | - | (373) | (14,402) | (0.000) |
| 31-Jan-19 | Q3 | 48,181 | 55,350 | - | (264) | (26,423) | (0.001) |
| 30-Apr-19 | Q4 | 38,809 | 43,019 | - | (13,120) | (10,785) | (0.000) |
| 31-Jul-19 | Q1 | 22,028 | 27,353 | - | (13,333) | (15,879) | (0.000) |
| 31-Oct-19 | Q2 | 121 | 10,130 | - | (48,376) | (102,266) | (0.002) |
| 31-Jan-20 | Q3 | 3,338 | 198,873 | 110,500 | (127,118) | (210,909) | (0.005) |
| 30-Apr-20 | Q4 | 4,712 | 50,238 | - | (176,896) | (210,909) | (0.004) |
| 31-Jul-20 | Q1 | 413 | 40,707 | - | (243,552) | (76,187) | (0.002) |

Comparison of results of Operations, for the three months ended July 31, 2020 and 2019: During the three months ended July 31, 2020, the Company incurred a net loss of \$76,187 (July 31, 2019 - \$15,879), an unfavorable variance of \$60,308. Explanations for the unfavorable variance are:

- Consultants and Professional fees of \$48,450 (July 31, 2019 - \$855), an unfavorable variance of \$47,595 primarily due to increased activity and the hiring of new officers combined with higher audit and legal fees.
- Transfer agent fees of \$3,977 (July 31, 2019 - \$2,581), an unfavorable variance of \$1,396 in the normal course of operations.
- Office, miscellaneous, insurance and travel costs of \$1,760 (July 31, 2019 - \$3,216) a favorable variance of \$1,456 due to an overall reduction in costs.

RELATED PARTY TRANSACTIONS

The Company transacted with the following related parties during the three months ended July 31, 2020 and 2019. These transactions are in the normal course of operations are measured at the exchange amount established and agreed to by the related parties.

| | Three months ended | |
|--|--------------------|---------------|
| | July 31, 2020 | July 31, 2019 |
| | \$ | \$ |
| Chief Executive Officer and Director | 25,200 | - |
| A company controlled by the Chief Financial Officer and Director | 25,200 | 18,000 |
| Director | 25,200 | - |
| | 75,600 | 18,000 |

DUE TO RELATED PARTIES

The Company owed the amounts shown below to related parties for the year ended April 30, 2020 and 2019:

| | July 31, 2020 | July 31, 2019 |
|---|----------------|---------------|
| | \$ | \$ |
| Chief Executive Officer and Director | 89,400 | - |
| A company controlled by the Chief Financial Officer and Director | 56,025 | 4,500 |
| Director | 75,398 | - |
| | 220,823 | 4,500 |

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

The Company has satisfied all its commitments pursuant to its exploration and evaluation property agreements as detailed in note 4 of the July 31, 2020, Condensed Interim Financial Statements filed in conjunction with this MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company has authorized an unlimited number of common shares with no par value. On April 30, 2020, the Company had 45,464,715 common shares outstanding (April 30, 2020: 44,614,715) and no outstanding share purchase warrants or stock options outstanding.

CAUTIONARY STATEMENTS

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs.

There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.