

## AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is dated effective September 17, 2014, and is between:

**JDF Explorations Inc. (formerly, 1001875 Explorations B.C. Ltd.)**, a company incorporated under the laws of British Columbia and having an office at 5728 East Boulevard, Vancouver, British Columbia, V6M 4M4 ("**JDF Explorations**"),

and

**1010309 B.C. LTD**, a company to be incorporated under the laws of the Province of British Columbia with its head office in the city of Vancouver, in the Province of British Columbia ("**Subsidiary**"),

and

**Juan De Fuca Resources Corp.**, a company incorporated under the laws of British Columbia and having an office at 3101 East Kent Avenue, North Vancouver, British Columbia, V5S 4Y1 ("**JDF**");

WHEREAS, the parties intend to effect a business combination whereby, among other things, JDF and the Subsidiary, a company to be incorporated as a wholly-owned subsidiary of JDF Explorations, will amalgamate and continue as one corporation under section 269 of the Act;

WHEREAS, the board of directors of JDF has unanimously determined that the Amalgamation is in the best interests of JDF, has approved this agreement and unanimously recommends that the JDF Shareholders vote in favour of approving this agreement;

WHEREAS, the board of directors of JDF Explorations, has unanimously determined that the Amalgamation is in the best interests of JDF Explorations, and has approved this agreement;

WHEREAS, in furtherance of the Amalgamation, the board of directors of JDF has determined to submit the Amalgamation Resolution in accordance with Part 9, Division 3 of the Act to the holders of JDF Shares for approval;

WHEREAS, JDF Explorations, as the sole shareholder of the Subsidiary, will approve the Amalgamation, in accordance with Part 9, Division 3 of the Act; and

WHEREAS, upon the Amalgamation becoming effective, the JDF Shares will be exchanged for JDF Explorations Shares and the Subsidiary Shares will be exchanged for Amalco Shares in accordance with the provisions of this Agreement;

NOW THEREFORE, in consideration of the respective representations, warranties, covenants and conditions contained in this agreement, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

## **ARTICLE 1 DEFINITIONS**

1.1 **Definitions.** In this agreement, the following definitions apply:

"**Act**" means the *Business Corporations Act* (British Columbia).

"**affiliate**" has the meaning ascribed thereto in the *Securities Act* (British Columbia).

"**Amalco**" means the continuing corporation to be constituted upon completion of the Amalgamation, to be named "Juan De Fuca Resources Corp."

"**Amalco Shareholders**" means the holders of Amalco Shares.

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of JDF and Subsidiary under section 269 of the Act, as provided for in this agreement.

"**Amalgamation Application**" means the amalgamation application to be filed by the amalgamation companies with the Registrar in accordance with section 275(1)(a) of the Act, substantially in the form attached as Schedule E to this agreement.

"**Articles of Amalgamation**" means the Articles of Amalgamation with respect to the Amalgamation, substantially in the form attached to this agreement as Schedule A.

"**Assets**" means the undertaking, property and assets of JDF as a going concern of every kind and description, wheresoever situated, including, without limitation, the Blue Hawk Property and Assets and the JDF's property and rights and interests described in the Material Contracts of JDF in Schedule "G".

"**associate**" has the meaning ascribed thereto in the *Securities Act* (British Columbia).

"**Blue Hawk Property and Assets**" means substantially all of the assets, tangible and intangible, fixed or moveable, owned by JDF, including the rights associated with the Blue Hawk Property which are fully described in the Mineral Property Option Agreements and the Purchase Agreement, and the NI 43-101 Technical Report.

"**Blue Hawk Purchase Option Agreement**" means the Blue Hawk Purchase Option Agreement entered into between Syon Investments Limited and JDF relating to JDF's option on the mineral claim 778462 located in the Vernon Mining Division, British Columbia. This option agreement has been exercised and the related property acquired pursuant to the Purchase Agreement.

"**Business**" means the business and assets of JDF, which includes the Blue Hawk Property and Assets.

"**Business Day**" means any day other than a Saturday or Sunday or a day when banks in the City of Vancouver are not generally open for business.

"**JDF Explorations Shareholders**" means the holders of JDF Explorations Shares.

"**JDF Explorations Shares**" means the common shares without par value in the capital of JDF Explorations.

"**Certificate of Amalgamation**" means the Certificate of Amalgamation issued by the Registrar pursuant to Section 281 of the Act in respect of the Amalgamation.

"**Closing**" means the completion of the Amalgamation.

"**Closing Date**" means the date of the Closing, which will not be later than the Termination Date.

"**Dissenting Shareholders**" means the JDF Shareholders who exercise the right of dissent available to them in respect of the special resolutions approving this agreement.

"**Effective Date**" means the effective date of the Amalgamation, which will be the date of the Certificate of Amalgamation.

"**Environmental Laws**" means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands.

"**Exchange**" means the Canadian Securities Exchange.

"**insider**" has the meaning ascribed thereto in the *Securities Act* (British Columbia).

"**JDF Amalgamation Resolution**" means the special resolution or unanimous approval, as applicable, of the holders of the JDF Shares approving the Amalgamation, substantially in the form attached as Schedule D1 to this agreement.

"**JDF Class A Shares**" means the Class A Common Shares in the capital of JDF.

"**JDF Circular**" means the management information circular of JDF to be sent to the JDF Shareholders in connection with the JDF Meeting in the event that JDF is unable to obtain unanimous written consent from JDF Shareholders for the Amalgamation.

"**JDF Meeting**" means the special meeting of JDF Shareholders, including any adjournment(s) or

postponements thereof, to approve this agreement under the Act and the Amalgamation Resolution.

"**JDF Shareholders**" means the holders of JDF Shares.

"**JDF Shares**" means approximately the 40,052,500 Class A Common Shares of JDF in the capital of JDF.

"**JDF Warrants**" means approximately 22,802,500 issued and outstanding share purchase warrants of JDF.

"**Material Adverse Change**" or "**Material Adverse Effect**" means, when used in connection with a party, any change or effect (or any condition, event or development involving a prospective change or effect) in or on the business, operations, results of operations, assets, properties, capitalization, financial condition, licenses, permits, concessions, rights or liabilities or obligations (whether absolute, accrued, conditional or otherwise), whether contractual or otherwise, of the party, taken as a whole, and which change or effect may reasonably be expected to significantly reduce the value of the equity securities of the party or be materially adverse to the party's current or future business, operations, regulatory status, financial conditions or results of operations, other than a change or effect: (a) which arises out of or relates to a matter that has been publicly disclosed or otherwise disclosed in writing by the party to the other party prior to the date of this agreement; (b) resulting from or related to conditions affecting the medical marijuana and agricultural industries as a whole; or (c) resulting from general economic, financial, currency, or market conditions in Canada or elsewhere.

"**material fact**" has the meaning ascribed thereto in the Securities Act (British Columbia).

"**Mineral Property Option Agreements**" means the Blue Hawk Purchase Option Agreement and the SPODE Mineral Property Acquisition Agreement, which option agreements have been exercised and the related underlying properties acquired pursuant to the Purchase Agreement.

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

"**misrepresentation**" includes any untrue statement of a material fact, any omission to state a material fact that is required to be stated and any omission to state a material fact that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

"**NI 43-101 Technical Report**" means the National Instrument 43-101 Technical Report on the Blue Hawk Property in the Vernon Mining Division prepared for JDF by Andrea Diakow, P. Geo.

"**person**" means a natural person, firm, sole proprietorship, unincorporated association, unincorporated organization, trustee, executor, administrator, or other legal representative, corporation, trust, partnership, joint venture, governmental body or agency or association.

"**promoter**" has the meaning ascribed thereto in the *Securities Act* (British Columbia).

"**Purchase Agreement**" means the purchase agreement of the Blue Hawk mineral property and the Spode mineral property dated June 12, 2014 entered into between JDF and Syon, resulting in the acquisition of said properties from JDF, which properties were the subject of the Blue Hawk Purchase Option Agreement and the SPODE Mineral Property Acquisition Agreement.

"**Registrar**" means the Registrar of Companies appointed under the Act.

"**Registrar and Transfer Agent**" means Computershare Trust Company, and any other person which may be appointed as registrar and transfer agent of JDF Explorations from time to time.

"**SPODE Mineral Property Acquisition Agreement**" means the Mineral Property Acquisition Agreement entered into between Syon Investments Limited and JDF relating to JDF's option on the mineral claim 904009 located in the Vernon Mining Division, British Columbia. This option agreement has been exercised and the related property acquired pursuant to the Purchase Agreement.

"**subsidiary**" or "**subsidiaries**" has the meaning ascribed thereto in the *Securities Act* (British Columbia).

"**Subsidiary Amalgamation Resolution**" means the special resolution of the Subsidiary, to be signed by JDF Explorations in its capacity as the sole Holder of the Subsidiary Shares, approving the Amalgamation, to be substantially in the form and content of Schedule D hereto.

"**Subsidiary Shares**" means the common shares in the capital of Subsidiary.

"**Syon Investments Limited**" or "**Syon**" is a Charleston, Nevis, Caribbean incorporated company, which owns 100% of the mineral tenure claims, 904990 and 778462, located in the Vernon Mining Division, British Columbia.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

"**Termination Date**" means November 30, 2014, or such other date mutually agreed upon by JDF Explorations and JDF.

**Schedules:**

- a. **Schedule A - Articles Of Amalgamation Of Amalco**
- b. **Schedule B - Outstanding Liabilities Of JDF Explorations**
- c. **Schedule C – JDF's Financial Statements**
- d. **Schedule D - Form of Amalgamation Resolution of Subsidiary**
- e. **Schedule D1 - Form of Amalgamation Resolution of JDF**
- f. **Schedule E - Form of Amalgamation Application**
- g. **Schedule F – Shareholders of JDF**
- h. **Schedule G – Material Contracts of JDF**

**ARTICLE 2**  
**THE AMALGAMATION**

2.1 **Amalgamation.** JDF and Subsidiary shall amalgamate and continue as one corporation, Amalco, under section 269 of the Act.

2.2 **Amalco.** Unless and until otherwise determined in the manner required by law, by Amalco or its directors or the Amalco Shareholders, the following provisions shall apply:

- (a) Amalco's name will be "Juan De Fuca Resources Corp."
- (b) Amalco's Articles of Amalgamation will be in the form of Schedule A.
- (c) The minimum number of Amalco directors will be one (1) and the maximum number of directors of Amalco will be ten (10).
- (d) Amalco's directors will be as follows:

<b>Name</b>	<b>Address</b>
Randy Schuler, CPA, CA	Vancouver, BC
Gurdeep Johal, Businessman	Surrey, BC
Derick Sinclair, CPA, CA	North Vancouver, BC

Amalco's director will hold office until the first annual meeting of Amalco Shareholders following the Amalgamation, or until their successors are duly appointed or elected.

- (e) Amalco's officers will be:

<b>Name</b>	<b>Office</b>
Randy Schuler	CEO, CFO
Gurdeep Johal	Secretary
Derick Sinclair	Chairman of the Audit Committee

- (f) Amalco's auditor will be James Stafford Chartered Accountants of Suite 350 - 1111 Melville Street Vancouver, BC, V6E 3V6, which will hold office until the first annual meeting of Amalco Shareholders following the Amalgamation, or until its successor is appointed.
- (g) Amalco's fiscal year end will be April 30.
- (h) Amalco's registered office will be at 5728 East Boulevard, Vancouver, BC V6M 4M4
- (i) There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise.

- (j) Amalco shall be authorized to issue an unlimited number of common shares.
- (k) The transfer of shares in the capital of Amalco shall be restricted in that no share shall be transferred without the consent of the directors of Amalco except by resolution passed by the board of directors or by an instrument or instruments in writing signed by all of such directors.
- (l) All of the property of Subsidiary and JDF immediately before the Amalgamation shall become the property of Amalco.
- (m) All of the liabilities of Subsidiary and JDF immediately before the Amalgamation shall become the liabilities of Amalco.

### 2.3 Means of Effecting the Amalgamation.

- (a) On the Effective Date:
  - (i) JDF and Subsidiary shall amalgamate to form Amalco and shall continue as one corporation under the Act and with the effect set out in section 279 of the Act;
  - (ii) the issued and outstanding JDF Shares (other than the issued and outstanding JDF Shares held by Dissenting Shareholders), will be exchanged for JDF Explorations Shares on the basis of one JDF Explorations Share for each JDF Class A Share held immediately before the Effective Date;
  - (iii) the issued and outstanding Subsidiary Shares will be exchanged for Amalco Shares on the basis of one Amalco Share for each Subsidiary Share held immediately before the Effective Date, and the Subsidiary Shares so exchanged will immediately be cancelled;
  - (iv) the JDF Warrants will be cancelled and JDF Explorations will not be issuing any warrants or other securities to replace the JDF Warrants; and
  - (v) JDF Explorations will continue to hold the Amalco Shares;

provided that none of the foregoing shall occur or shall be deemed to occur unless all of the foregoing occurs.
- (b) Dissenting Shareholders that exercise rights of dissent under sections 238 or 272 of the Act in connection with the Amalgamation are entitled to be paid fair value for their JDF Shares and will be deemed to have surrendered those JDF Shares to JDF for cancellation immediately before the Effective Date.

Dissenting Shareholders that exercise rights of dissent under section 272 of the Act in connection with the Amalgamation, but that, for any reason, are not entitled to be paid fair value for their JDF Shares, will be deemed to have participated in the Amalgamation

on the same basis as non-dissenting JDF Shareholders, at the Effective Date, and will receive that number of JDF Explorations Shares to which they are entitled under section 2.3(a).

- (c) Amalco shall add to the stated capital of the Amalco Shares an amount equal to the paid-up capital of the issued and outstanding Subsidiary Shares immediately before the Effective Date and the paid-up capital of the issued and outstanding JDF Shares (other than the issued and outstanding JDF Shares held by Dissenting Shareholders) immediately before the Effective Date.
- (d) On the Effective Date, registered JDF Shareholders will cease to be registered JDF Shareholders and will be deemed to be registered JDF Explorations Shareholders in accordance with section 2.3. On or after the Effective Date, registered JDF Shareholders (who as mentioned cease to be registered JDF Shareholders on the Effective Date) may surrender the certificates representing their JDF Shares to the Registrar and Transfer Agent and, upon that surrender, will be entitled to receive certificates representing the number of JDF Explorations Shares to which they are entitled in accordance with section 2.3, as soon as practicable, but in any event no later than five Business Days following the Effective Date.
- (e) If any certificate which immediately prior to the Effective Date represented one or more outstanding JDF Shares has been lost, stolen or destroyed, upon executing an affidavit of that fact, claiming the certificate to be lost, stolen or destroyed, the Registrar and Transfer Agent will issue to the JDF Shareholder in exchange for the lost, stolen or destroyed certificate, a certificate representing the JDF Explorations Shares to which the JDF Shareholder is entitled under section 2.3. When authorizing such payment in exchange for any lost, stolen, or destroyed certificate, the JDF Shareholder to whom certificates are to be issued will, as a condition precedent to the issue, give a bond satisfactory to JDF Explorations and the Registrar and Transfer Agent in such sum as JDF Explorations may direct, or otherwise indemnify JDF Explorations against any claim that may be made against JDF Explorations with respect to the certificate alleged to have been lost, stolen or destroyed.
- (f) The parties acknowledge that certain of the JDF Explorations Shares to be issued to JDF Shareholders under the Amalgamation may be subject to escrow in accordance with the policies of the Exchange. The parties also acknowledge that any JDF Explorations Shares deposited into escrow will be held in escrow and released in accordance with the policies of the Exchange. The parties agree that the terms of the escrow will be negotiated by counsel for the parties and the Exchange and the parties agree to accept the terms imposed by the Exchange. The escrowed securities will be held in escrow under an escrow agreement in the form prescribed by the Exchange.

2.4 **Delivery of Articles of Amalgamation.** After this agreement has been approved under section 271 of the Act, Subsidiary shall promptly send the Articles of Amalgamation to the Registrar, together with the documents required by section 275 of the Act. Subsidiary shall attach the



Articles of Amalgamation to this agreement and a statutory declaration in the form prescribed by section 277(1) of the Act.

- 2.5 **Effect of Certificate of Amalgamation.** On receipt of the Articles of Amalgamation and the other prescribed documents, and on receipt of the prescribed fees, the Registrar will issue a Certificate of Amalgamation in accordance with section 281 of the Act. On the Effective Date:
- (a) the Amalgamation of JDF and Subsidiary and their continuance as one corporation will become effective;
  - (b) the Business of JDF and the business of the Subsidiary will continue to be the business of Amalco;
  - (c) Amalco will continue to be liable for the obligations of each of JDF and Subsidiary;
  - (d) any existing cause of action, claim or liability to prosecution of either JDF or Subsidiary will be unaffected;
  - (e) any civil, criminal or administrative action or proceeding pending by or against either JDF or Subsidiary may be continued to be prosecuted by or against Amalco;
  - (f) a conviction against, or ruling, order or judgment in favour of or against, either JDF and Subsidiary may be enforced by or against Amalco; and
  - (g) the Articles of Amalgamation will be deemed to be the articles of incorporation of Amalco and the Certificate of Amalgamation will be deemed to be the certificate of incorporation for Amalco.
- 2.6 **Filing of Amalgamation Application.** Subject to the rights of termination contained in Article 6 hereof, upon the holders of JDF Shares approving the JDF Amalgamation Resolution and upon JDF Explorations, as the sole shareholder of Subsidiary, approving the Subsidiary Amalgamation Resolution on the Effective Date, JDF and Subsidiary shall jointly file with the Registrar the Amalgamation Application and such other documents as are required to be filed under the Act for acceptance by the Registrar to give effect to the Amalgamation, pursuant to provisions of the Act.
- 2.7 **Public Announcement.** Immediately after the execution of this Agreement, JDF Explorations will issue a public announcement, announcing the entering into of this Agreement. No Party will issue any news release or public statements inconsistent with such public announcement.
- 2.8 **JDF Warrants.** JDF and JDF Shareholders (all also being JDF Warrant holders) acknowledge and agree that by agreeing to this Agreement all of the issued and outstanding JDF Warrants will become cancelled, null and void and will not be exchanged for any securities of JDF Explorations or any other securities as a result of the transactions contemplated by this Agreement.

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES**

3.1 **JDF.** JDF hereby represents and warrants to JDF Explorations and Subsidiary as follows, and will be deemed to have so represented again at the Effective Time:

- (a) JDF is duly constituted and is in good standing under the Act;
- (b) JDF has no subsidiaries or agreements of any nature to acquire any subsidiary;
- (c) JDF has the power and authority to execute and perform its obligations under this agreement;
- (d) JDF has duly executed and delivered this agreement, and this agreement is binding on, and enforceable against JDF in accordance with its terms, subject, however, to limitations imposed by applicable law in connection with bankruptcy, insolvency, fraudulent transfer, reorganization, and other laws relating to or affecting creditors' rights generally or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;
- (e) no approval of any third party which, if not obtained or made, would, individually or in the aggregate, have a Material Adverse Effect on JDF or prevent or materially impair JDF's ability to perform its obligations under this agreement, is required in connection with JDF's execution of, and performance of its obligations under, this agreement, other than the approvals contemplated by this agreement
- (f) JDF's execution and delivery of, and performance of its obligation under, this agreement will not violate conflict with, or result in the breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of JDF, or give any person or company any right to terminate or cancel any agreement or any right enjoyed by JDF because of such agreement, or result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against JDF or the assets of JDF under any of the terms, conditions or provisions of:
  - (i) JDF's articles or by-laws;
  - (ii) any agreement to which JDF is a party ; or
  - (iii) any statute, regulation, by-law, order, judgment, or decree by which JDF is bound, except for such violations which would not have a Material Adverse Effect on JDF or the JDF Shares;

- (g) as of the date of this agreement, the authorized share capital of JDF consists of an unlimited number of JDF Class A Shares without par value, of which approximately 40,052,500 Class A Common Shares are issued and outstanding, approximately 22,802,500 issued and outstanding share purchase warrants of JDF, and an unlimited number of Class B Preferred Shares without par value, of which no Class B Preferred Shares are issued and outstanding, all of which are set out in Schedule F. Except as set out above, there are no securities of JDF outstanding and no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by JDF of any shares of JDF (including the JDF Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of JDF (including the JDF Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attributes of JDF. All outstanding JDF Shares have been duly authorized and are validly issued, as fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights;
- (h) JDF is a not "reporting issuer" or equivalent under applicable Canadian securities legislation;
- (i) except for the JDF Shares and the JDF Warrants, as of the date of this agreement, no person has any agreement, option or right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued share capital of JDF , or any other securities of JDF;
- (j) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the knowledge of the directors and officers of JDF threatened against or relating to JDF or affecting its properties or businesses which if determined adversely to JDF might materially and adversely affect the properties, business, future prospects or the financial condition of JDF or the right of JDF to use, produce or sell its Business or assets in whole or in part. There is not presently outstanding against JDF any judgment, injunction, rule or order of any court, governmental department, commission, agency or arbitrator;
- (k) JDF has not experienced nor, to the knowledge of the directors and officers of JDF, is it aware of any occurrence or event which has had, or might reasonably be expected to have, a Material Adverse Effect on JDF;
- (l) except as disclosed to JDF Explorations and Subsidiary in writing, JDF has not incurred any obligation or liability, contingent or otherwise, for broker's fees, commissions or finder's fees or other similar fees in respect of the transactions contemplated by this agreement;

- (m) the unaudited financial statements of JDF and the notes thereto for the periods ended April 30, 2013 and 2014, copies of which are attached as Schedule C, are true and correct and present fairly, in all material respects, the financial position of JDF, on a consolidated basis, as at such date and the results of its operations and changes in financial position for the period indicated in the said statements, and have been prepared in accordance with International Financial Reporting Standards;
- (n) JDF has no material liabilities, contingent or otherwise, except those set out in the financial statements referred to in section 3.1(m), and JDF has not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any person;
- (o) JDF is not indebted to:
  - (i) any director, officer or shareholder of JDF (except for compensation paid in the ordinary course of business, consistent with past practice);
  - (ii) any individual related to any of the foregoing by blood, marriage or adoption; or
  - (iii) any person controlled, directly or indirectly, by any one or more of those persons referred to in sections 3.1(o)(i) and (ii).
- (p) none of those persons referred to in section 3.1(o) is indebted to JDF;
- (q) no notices, reports or other filings are required to be made by JDF with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by JDF from, any governmental or regulatory authority other than the usual filings under Canadian corporate and securities laws, in connection with the execution and delivery of this agreement by JDF and the performance of its obligations hereunder, the failure to make or obtain any or all of which is reasonably likely to have a Material Adverse Effect on the financial condition of JDF or could prevent, materially delay or materially burden the transactions contemplated by this agreement;
- (r) to the knowledge of the directors and officers of JDF, JDF is duly licensed, registered and qualified, in all material respects, and possesses all material certificates, authorizations, permits, registrations, or licenses issued by the appropriate regulatory authorities in the jurisdictions necessary to enable its business to be carried on as now conducted and to enable its properties and assets to be owned, leased and operated as they are now, and all such licenses, registrations and qualifications are in good standing, in all material respects and has the requisite corporate power and capacity to carry on its business as it is now being conducted;
- (s) all material contracts, agreements and commitments of JDF (whether written or oral) are in full force and effect and JDF is not in default under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived by the other party to such contract, agreement or commitment;

- (t) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a material default or breach on the part of JDF under any of the provisions contained in any of the material contracts, commitments or agreements referred to in section 3.1(s);
- (u) the corporate records and minute book of JDF are current and complete in all material respects and represent accurate minutes of all meetings of the directors (and committees of the directors) and shareholders since the date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meeting, duly signed;
- (v) there are no reasonable grounds for believing that a creditor of JDF will be prejudiced by the Amalgamation;
- (w) the execution and delivery of this Agreement and the performance by JDF of its obligations hereunder have been duly authorized by the JDF Board of Directors, and other than the approval of the JDF Amalgamation Resolution by the requisite majority of holders of JDF Shares, no other corporate or shareholder proceedings on the part of JDF are necessary to authorize this Agreement or the performance by JDF of its obligations hereunder; and
- (x) to its knowledge, neither JDF nor any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of JDF.
- (y) all JDF Warrants are non-transferrable, and all JDF Warrants are held by JDF Shareholders.

**3.2 Further Representations and Warranties of JDF.** JDF hereby represents to JDF Explorations and Subsidiary as follows, and will be deemed to have so represented again at the Effective Time:

- (a) Except as disclosed to JDF Explorations in writing, to the knowledge of the directors and officers of JDF, the Business is free and clear of material encumbrances, covenants, conditions, options to purchase and restrictions or other adverse claims or interests of any kind or nature;
- (b) JDF has not received any notice or claim challenging ownership of or rights by JDF to the Business or suggesting that such person has any claim of legal or beneficial ownership or other claim or interest with respect thereto nor, to the knowledge of the directors and officers of JDF, is there a reasonable basis for such a claim;
- (c) JDF has documented procedures in place to protect the confidentiality of and all rights to the Business. Key directors, officers, employees, consultants and independent contractors of JDF have entered into confidentiality agreements with JDF in form adequate to protect the Business;

- (d) to the knowledge of the directors and officers of JDF, all rights to the Business are valid and enforceable. JDF has not received any notice or claim challenging or questioning the validity or enforceability of the Business. There is no proceeding which is ongoing or, to the knowledge of the directors and officers of JDF alleged, which might result in the Business rights being invalidated, revoked or the subject of a compulsory license;
- (e) in the case of the Business, JDF has all of the rights to develop, use, reproduce, sublicense, sell, offer for sale, or otherwise exploit the Business, as allowed under applicable law, and to the extent required to operate all material aspects of its business;
- (e) all fees payable in respect of the maintenance of the Business have been paid and all registrations and applications for registration of any Business are in good standing; JDF has prosecuted, and is prosecuting, such applications diligently. To the knowledge of the directors and officers of JDF, all fees payable in respect of the maintenance of the Business have been paid and all registrations and applications for registration of any Business are in good standing; to the knowledge of the directors and officers of JDF, the licensors of the Business have prosecuted, and are prosecuting, such applications diligently;
- (f) to the knowledge of the directors and officers of JDF, the conduct of its business does not infringe any other person's rights to the Business. JDF is not or has not been a party to any action or proceeding nor, to the knowledge of the directors and officers of JDF, has any action or proceeding been threatened, that alleges that the conduct of the business of JDF infringes any other person's rights to the Business, nor to the knowledge of the directors and officers of JDF is there a reasonable basis for such a claim. To the knowledge of the directors and officers of JDF, no person has infringed or is infringing the right of JDF in or to any Business; and
- (g) JDF is a not party to any agreement involving the grant by JDF to any person of any right to the Business;

3.3 **JDF Explorations.** JDF Explorations hereby represents to JDF as follows, and will be deemed to have so represented again at the Effective Time:

- (a) JDF Explorations is duly incorporated and is in good standing under the Act;
- (b) JDF Explorations has no subsidiaries, other than the Subsidiary;
- (c) JDF Explorations has the power and authority to execute and perform its obligations under this agreement;
- (d) JDF Explorations has duly executed this agreement, and this agreement is binding on, and enforceable against, JDF Explorations in accordance with its terms, subject, however, to limitations imposed by applicable law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or

injunction are granted at the discretion of a court of competent jurisdiction;

- (e) no approval of any third party which, if not obtained or made, would, individually or in the aggregate, have a Material Adverse Effect on JDF Explorations or prevent or materially impair JDF Explorations's ability to perform its obligations under this agreement, is required in connection with JDF Explorations's execution of, and performance of its obligations under, this agreement, other than the approvals contemplated by this agreement;
- (f) JDF Explorations's execution of, and performance of its obligations under, this agreement will not violate:
  - (i) the articles or by-laws of JDF Explorations;
  - (ii) any agreement to which JDF Explorations is a party and will not give any person or company any right to terminate or cancel any agreement or any right enjoyed by JDF Explorations because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against JDF Explorations or the assets of JDF Explorations; or
  - (iii) any statute, regulation, by-law, order, judgment, or decree by which JDF Explorations is bound, except for such violations which would not have a Material Adverse Effect on JDF Explorations or the JDF Explorations Shares;
- (g) JDF Explorations is a "reporting issuer" or equivalent under applicable securities legislation in the Province of Alberta and British Columbia, is not in default of the requirements of such legislation or the regulations and rules thereto;
- (h) no cease trade order has been issued against JDF Explorations or the JDF Explorations Shares in any jurisdiction, and, to the knowledge of JDF Explorations, no cease trade order is pending or threatened;
- (i) the authorized share capital of JDF Explorations consists of an unlimited number of Common Shares, of which there are currently, and immediately prior to Closing will be approximately 974,453 issued and outstanding, as fully paid and non-assessable shares in the capital of JDF Explorations as of the date of this agreement. Except as set out above, there are no securities of JDF Explorations outstanding and no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by JDF Explorations of any shares of JDF Explorations (including the JDF Explorations Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of JDF Explorations (including the JDF Explorations Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attributes of JDF Explorations. All outstanding JDF Explorations Shares have been duly authorized and are validly

issued, as fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights;

- (j) except as contemplated by this agreement, no person has any agreement, option or right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued share capital of JDF Explorations, or any other securities of JDF Explorations;
- (k) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the knowledge of JDF Explorations, threatened against or relating to JDF Explorations or affecting its properties or business which if determined adversely to JDF Explorations might materially and adversely affect the properties, business, future prospects or the financial condition of JDF Explorations, or the right of JDF Explorations to use, produce or sell its Business or assets in whole or in part. There is not presently outstanding against JDF Explorations any judgment, injunction, rule or order of any court, governmental department, commission, agency or arbitrator;
- (l) JDF Explorations has not experienced nor, to the knowledge of JDF Explorations, is it aware of any occurrence or event which has had, or might reasonably be expected to have, a Material Adverse Effect on JDF Explorations;
- (m) JDF Explorations has not incurred any obligation or liability, contingent or otherwise, for broker's fees, commissions or finder's fees or other similar fees in respect of the transactions contemplated by this agreement;
- (n) except as disclosed in Schedule B to this agreement, JDF Explorations has no material liabilities, contingent or otherwise, and JDF Explorations has not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any person;
- (o) except as disclosed in Schedule B to this agreement, JDF Explorations is not indebted to:
  - (i) any director, officer or shareholder of JDF Explorations (except, in the case of directors and officers, for the reimbursement of expenses in the ordinary course of business, consistent with past practice);
  - (ii) any individual related to any of the foregoing by blood, marriage or adoption; or
  - (iii) any corporation controlled, directly or indirectly, by any one or more of those persons referred to in sections 3.3(o)(i) and (ii);
- (p) none of those persons referred to in section 3.3(o) is indebted to JDF Explorations;
- (q) no notices, reports or other filings are required to be made by JDF Explorations with, nor are any consents, registrations, approvals, permits or authorizations required to be



obtained by JDF Explorations from, any governmental or regulatory authority other than the usual filings under applicable Canadian corporate and securities laws, in connection with the execution and delivery of this agreement by JDF Explorations and the consummation of the transactions contemplated herein by JDF Explorations, the failure to make or obtain any or all of which is reasonably likely to have a Material Adverse Effect on JDF Explorations or could prevent, materially delay or materially burden the transactions contemplated by this agreement;

- (r) JDF Explorations has filed all required forms, reports and documents (collectively, the "**JDF Explorations Public Disclosure**") with the applicable Canadian regulatory authorities having jurisdiction over JDF Explorations. None of the JDF Explorations Public Disclosure filed by JDF Explorations with the applicable Canadian securities regulatory authorities having jurisdiction, at the time filed or as subsequently amended, contained any misrepresentation or any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;
- (s) all material contracts, agreements and commitments of JDF Explorations (whether written or oral) are in full force and effect and JDF Explorations is not in default, in any material respect, under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived by the other party to such contract, agreement or commitment;
- (t) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a default or breach on the part of JDF Explorations under any of the provisions contained in any of the material contracts, commitments or agreements referred to in section 3.3(s);
- (u) the corporate records and minute books of JDF Explorations are current and complete in all material respects and represent accurate minutes of all meetings of the directors (and committees of the directors) and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meeting, duly signed; and
- (v) there are no reasonable grounds for believing that a creditor of JDF Explorations will be prejudiced by the Amalgamation.
- (w) the execution and delivery of this Agreement and the performance by JDF Explorations of its obligations hereunder have been duly authorized by the JDF Explorations Board of Directors, and other than the approval of the Subsidiary Amalgamation Resolution, no other corporate or shareholder proceedings on the part of JDF Explorations are necessary to authorize this Agreement or the performance by JDF Explorations of its obligations hereunder; and

- (x) to its knowledge, neither JDF Explorations nor any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of JDF Explorations.
- (y) to the knowledge of JDF, upon reasonable enquiry, all rights comprising the Blue Hawk Property and Assets:
  - (i) are accurately described in the Mineral Property Option Agreements and the Purchase Agreement,
  - (ii) are presently in good standing under the laws of the jurisdiction in which they are located,
  - (iii) are free and clear of all liens, charges and encumbrances, and
  - (iv) have been properly and legally staked, recorded and tagged;
- (z) JDF had the right pursuant to the Mineral Property Option Agreements to acquire the legal and beneficial ownership of a 100% right, title and interest in and to the Blue Hawk Property and has acquired such right pursuant to the Purchase Agreement, and has the right to enter into this Agreement and to dispose of its interest in the Blue Hawk Property and Assets in accordance with the terms of this Agreement. Syon has been made aware of this Agreement and has consented to the transaction;
- (aa) to the knowledge of JDF, JDF has made all taxes, assessment, rentals, levies, or other payments relating to the Blue Hawk Property and Assets required to be made to any federal, provincial, or municipal government instrumentality;
- (bb) to the best of JDF's knowledge, there is no adverse claim or challenge against or to the JDF's ownership of or title to any of the assets comprising the Blue Hawk Property and Assets, nor to the best of the JDF's knowledge, is there any basis therefor or interest therein, and there are no outstanding agreements or options to acquire or purchase the Blue Hawk Property and Assets or any portion thereof, except for the Mineral Property Option Agreements that has been exercised pursuant to the Purchase Agreement, and no person other than Purchaser, pursuant to the provisions hereof, has any other interest whatsoever in the Blue Hawk Property and Assets;
- (cc) to the best of the knowledge of the JDF, the JDF and Syon hold all material valid and subsisting licenses, consents, authorizations under the laws of the jurisdiction in which the Blue Hawk Property and Assets are situated for the purpose of operating the Business as currently operated or as contemplated by the parties;
- (dd) to the best of the JDF's knowledge, the conditions on and relating to lands forming part of the Blue Hawk Property and Assets respecting all past and current operations are in compliance with all applicable laws, including all Environmental Laws;

- (ee) to the best of the JDF's knowledge, there have been no material spills, discharges, leaks, emissions, ejections, escapes, dumpings, or other releases of any kind of any toxic or hazardous substances in, on, or under the lands forming part of Blue Hawk Property and Assets or the surrounding environment;
- (ff) to the best of the JDF's knowledge, neither the JDF nor Syon has received from any government instrumentality any notice of or communication relating to any actual or alleged Environmental Claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the lands forming part of the Blue Hawk Property and Assets or any operations carried out on the lands forming part of the Blue Hawk Property and Assets;
- (gg) to the best of the JDF's knowledge, there are no obligations or commitments for reclamation, closure or other environmental corrective, clean-up or remediation action directly or indirectly relating to the lands forming part of the Blue Hawk Property and Assets or the surrounding environment;
- (hh) to the knowledge of the JDF, except as otherwise previously disclosed in writing by the JDF and the Vendors to the Purchaser, the Blue Hawk Property and Assets are free and clear of all unprotected open mine shafts, mine openings or workings, open pits, rock stockpiles, mine tailings, or waste materials;
- (ii) the Blue Hawk Property and Assets comprise all information in the Vendors' and the JDF's possession or control relating to work done on or regarding the Blue Hawk Property and Assets that are materially significant in indicating whether the Blue Hawk Property and Assets might or might not have the potential for economic mineralization; and
- (jj) JDF Explorations and the Subsidiary may enter in, under, or on the Blue Hawk Property and Assets for all purposes of this Agreement without making any payment to and without accounting to or obtaining the permission of any other person, other than any payment required to be made and disclosed under this Agreement.

3.4 **Subsidiary.** Subsidiary hereby represents to JDF as follows, and will be deemed to have so represented again at the Effective Time:

- (a) Subsidiary is duly incorporated and is in good standing under the Act;
- (b) Subsidiary has no subsidiaries;
- (c) Subsidiary has the power and authority to execute and perform its obligations under this agreement;
- (d) Subsidiary has duly executed this agreement, and this agreement is binding on, and enforceable against, Subsidiary in accordance with its terms, subject, however, to limitations imposed by applicable law in connection with bankruptcy or similar

proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;

- (e) no approval of any third party which, if not obtained or made, would, individually or in the aggregate, have a Material Adverse Effect on Subsidiary or prevent or materially impair Subsidiary's ability to perform its obligations under this agreement, is required in connection with Subsidiary's execution of, and performance of its obligations under, this agreement, other than the approvals contemplated by this agreement;
- (f) Subsidiary's execution of, and performance of its obligation under, this agreement will not violate:
  - (i) the articles or by-laws of Subsidiary;
  - (ii) any agreement to which Subsidiary is a party and will not give any person or company any right to terminate or cancel any agreement or any right enjoyed by Subsidiary because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against Subsidiary or the assets of Subsidiary; or
  - (iii) any statute, regulation, by-law, order, judgment, or decree by which Subsidiary is bound, except for such violations which would not have a Material Adverse Effect on Subsidiary or the Subsidiary Shares;
- (g) Subsidiary is not a "reporting issuer" or equivalent under applicable securities legislation in any jurisdiction;
- (h) no cease trade order has been issued against Subsidiary or the Subsidiary Shares in any jurisdiction, and, to the knowledge of Subsidiary, no cease trade order is pending or threatened;
- (i) the authorized share capital of Subsidiary consists of an unlimited number of Subsidiary Shares, of which one Subsidiary Share is issued and outstanding as fully paid and non-assessable shares in the capital of Subsidiary;
- (j) no person has any agreement, option or right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued share capital of Subsidiary, or any other securities of Subsidiary;
- (k) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the knowledge of Subsidiary, threatened against or relating to Subsidiary or affecting its properties or business which if determined adversely to Subsidiary might materially and adversely affect the properties, business, future prospects or the financial condition of Subsidiary, or the right of Subsidiary to use, produce or sell its business or assets in whole or in part. There is not presently outstanding against Subsidiary any judgment, injunction, rule or

order of any court, governmental department, commission, agency or arbitrator;

- (l) Subsidiary has not experienced nor, to the knowledge of Subsidiary, is it aware of any occurrence or event which has had, or might reasonably be expected to have, a Material Adverse Effect on Subsidiary;
- (m) Subsidiary has not incurred any obligation or liability, contingent or otherwise, for broker's fees, commissions or finder's fees or other similar fees in respect of the transactions contemplated by this agreement;
- (n) Subsidiary has no material liabilities, contingent or otherwise, and Subsidiary has not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any person;
- (o) Subsidiary is not indebted to:
  - (i) any director, officer or shareholder of Subsidiary;
  - (ii) any individual related to any of the foregoing by blood, marriage or adoption; or
  - (iii) any corporation controlled, directly or indirectly, by any one or more of those persons referred to in sections 3.4(o)(i) and (ii);
- (q) none of those persons referred to in section 3.4(o) is indebted to Subsidiary;
- (r) no notices, reports or other filings are required to be made by Subsidiary with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Subsidiary from, any governmental or regulatory authority other than the usual filings under applicable Canadian corporate and securities laws, in connection with the execution and delivery of this agreement by Subsidiary and the consummation of the transactions contemplated herein by Subsidiary, the failure to make or obtain any or all of which is reasonably likely to have a Material Adverse Effect on Subsidiary or could prevent, materially delay or materially burden the transactions contemplated by this agreement;
- (s) all material contracts, agreements and commitments of Subsidiary (whether written or oral) are in full force and effect and Subsidiary is not in default, in any material respect, under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived by the other party to such contract, agreement or commitment;
- (t) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a default or breach on the part of Subsidiary under any of the provisions contained in any of the material contracts, commitments or agreements referred to in section 3.4(s);

- (v) the corporate records and minute books of Subsidiary are current and complete in all material respects and represent accurate minutes of all meetings of the directors (and committees of the directors) and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meeting, duly signed; and
- (w) there are no reasonable grounds for believing that a creditor of Subsidiary will be prejudiced by the Amalgamation.

#### **ARTICLE 4 COVENANTS**

4.1 **Covenants of JDF.** JDF covenants in favour of JDF Explorations and Subsidiary that JDF will not, prior to the Effective Date:

- (a) declare, pay or set aside any dividends or provide for any distribution of its properties or assets, or make any payment by way of return of capital or otherwise, to its shareholders;
- (b) split, combine or reclassify any outstanding shares other than to obtain shareholder approval to the ratification and confirmation of all prior consolidations and splits at the JDF Meeting;
- (c) enter into any material contract, other than in the ordinary course of business consistent with past practice;
- (d) redeem, purchase or offer to purchase any of its shares or other securities;
- (e) reorganize, amalgamate or merge with any other person or other business organization whatsoever;
- (f) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any person or other business organization or division or any assets or properties of a material nature;
- (g) incur or commit to incur any indebtedness for borrowed money, other than in the ordinary course of business consistent with past practice, or issue any debt securities;
- (h) issue or commit to issue any shares of its capital stock, or rights, warrants or options to purchase such shares, or any securities convertible into such shares, warrants or options;
- (i) except as contemplated by this agreement, alter or amend in any way its constating documents as the same exist at the date of this agreement;
- (j) take any action which would be outside the ordinary course of business or which may result in a Material Adverse Change;
- (k) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge,

lease, dispose of, grant any interest in or encumber any material component of its assets, other than in the ordinary course of business consistent with past practice;

- (l) engage in any business enterprise or other activity other than in the ordinary course of business and except as contemplated herein;
- (m) enter into any transaction with or make payments or issue securities to a party or parties with which JDF does not deal at arm's length, other than in the ordinary course of business consistent with past practice;
- (n) enter into any employment or consulting agreement with any director, officer or employee who has a policy-making function, or hire or promote any such person; or
- (o) perform any act or enter into any transaction or negotiation which might materially adversely interfere or be materially inconsistent with the consummation of the transactions contemplated under this agreement.

4.2 **Further Covenants of JDF.** JDF covenants in favour of JDF Explorations and Subsidiary that JDF will, prior to the Effective Date:

- (a) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfill its obligations under and to carry out the transactions contemplated by this agreement;
- (b) as soon as reasonably practicable after execution of this agreement, use its reasonable commercial efforts to obtain approval of the JDF Shareholders of the Amalgamation Resolution by way of written unanimous resolution or special resolution at the JDF Meeting;
- (c) if required in the reasonable, mutual opinion of JDF and JDF Explorations, prior to the Termination Date, convene the JDF Meeting for the purpose of approving the Amalgamation and to solicit proxies to be voted at the JDF Meeting in favour of the approval of the Amalgamation;
- (d) if the JDF Meeting is convened, prepare and distribute to the JDF Shareholders in a timely and expeditious manner the JDF Circular, and any amendments or supplements to the JDF Circular, all as required by applicable laws, in all jurisdictions where the same is required complying in all material respects with all applicable legal requirements on the date of issue thereof;
- (e) if the JDF Meeting is convened, include in the JDF Circular the recommendation of the board of directors of JDF that the JDF Shareholders vote in favour of the Amalgamation Resolution;
- (f) provide JDF Explorations, on a timely basis, with all relevant information concerning

itself and its business, operations and financial statements and such information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in the light of the circumstances in which it will be made, and such information will constitute full, true and plain disclosure of all material facts relating to the particular matters concerning JDF;

- (g) except for proxies and other non-substantive communications with security holders, provide promptly to JDF Explorations a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Amalgamation; (ii) any filings under applicable laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein;
- (h) make all necessary filings and applications under applicable foreign, federal and provincial laws and regulations required on its part in connection with the transactions contemplated in this agreement, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (i) use all commercially reasonable efforts to conduct its affairs so that all of its representations and warranties contained herein will be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties are made as of a certain date or require modification to give effect to the transactions contemplated herein;
- (j) use all commercially reasonable efforts and do all such acts and things that are reasonably necessary to cause each of the conditions precedent specified in sections 5.1 and 5.3 to be complied with;
- (k) subject to the satisfaction of the conditions precedent in sections 5.1 and 5.2, thereafter together with JDF Explorations and Subsidiary file with the Registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date; and
- (l) notify JDF Explorations and Subsidiary immediately upon becoming aware that any of the representations and warranties of JDF contained herein are no longer true and correct in any material respect.

4.3 **Covenants of JDF Explorations.** JDF Explorations covenants in favour of JDF that JDF Explorations will not, prior to the Effective Date:

- (a) declare, pay or set aside any dividends or provide for any distribution of its properties or assets, or make any payment by way of return of capital or otherwise, to its shareholders;
- (b) split, combine or reclassify any outstanding shares except pursuant to the Amalgamation as contemplated by this agreement;



- (c) enter into any material contract, other than in the ordinary course of business consistent with past practice;
- (d) redeem, purchase or offer to purchase any of its shares or other securities;
- (e) reorganize, amalgamate or merge with any other person or other business organization whatsoever;
- (f) except for this agreement acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any person or other business organization or division, or any assets or properties of a material nature;
- (g) incur or commit to incur any indebtedness for borrowed money, other than in the ordinary course of business consistent with past practice, or issue any debt securities;
- (h) except as contemplated by this agreement, issue or commit to issue any shares of its capital stock, or rights, warrants or options to purchase such shares, or any securities convertible into such shares, warrants or options;
- (i) except as contemplated by this agreement, alter or amend in any way its constating documents or by-laws as the same exist at the date of this agreement;
- (j) take any action which would be outside the ordinary course of business or which may result in a Material Adverse Change;
- (k) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any material component of its assets other than in the ordinary course of business consistent with past practice;
- (l) engage in any business enterprise or other activity, other than as contemplated herein and as required as a public company;
- (m) enter into any transaction with or make payments or issue securities to a party or parties with whom JDF Explorations does not deal at arm's length, other than in the ordinary course of business consistent with past practice;
- (n) enter into any employment or consulting agreement with any director, officer or employee who has a policy-making function, or hire or promote any such person; or
- (o) perform any act or enter into any transaction or negotiation which might materially adversely interfere or be materially inconsistent with the consummation of the transactions contemplated under this agreement.

4.4 **Further Covenants of JDF Explorations.** JDF Explorations covenants in favour of JDF that JDF Explorations will:

- (a) use all commercially reasonable efforts to complete the Amalgamation;

- (b) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfill its obligations under and to carry out the transactions contemplated by this agreement, including obtaining any necessary approvals of the securities regulatory authorities;
- (c) if the JDF Meeting is convened, provide JDF, on a timely basis, with all relevant information concerning itself and its business, operations and financial statements for inclusion in the JDF Circular and that such information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in the light of the circumstances in which it will be made, and such information will constitute full, true and plain disclosure of all material facts relating to the particular matters concerning JDF Explorations to be acted upon by the JDF Shareholders at the JDF Meeting;
- (d) except for proxies and other non-substantive communications with security holders, provide promptly to JDF a copy of each notice, report, schedule or other document delivered, filed or received by JDF Explorations in connection with: (i) the Amalgamation; (ii) any filings under applicable laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein;
- (e) make all necessary filings and applications under applicable foreign, federal and provincial laws and regulations required on the part of JDF Explorations to acquire or maintain its reporting issuer status in Alberta and British Columbia and take all reasonable action necessary to be in compliance with such laws and regulations;
- (f) use all commercially reasonable efforts to conduct its affairs so that all of JDF Explorations's representations and warranties contained herein will be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties are made as of a certain date or require modification to give effect to the transactions contemplated herein;
- (k) use all commercially reasonable efforts and do all such acts and things that are reasonably necessary to cause each of the conditions precedent specified in sections 5.1 and 5.2 to be complied with;
- (l) subject to the satisfaction of the conditions precedent in sections 5.1 and 5.3, thereafter together with JDF and Subsidiary file with the Registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date;
- (m) notify JDF immediately upon becoming aware that any of the representations and warranties of JDF Explorations contained herein are no longer true and correct in any material respect; and
- (n) approve the Subsidiary Amalgamation Resolution.

4.5 **Covenants of Subsidiary.** Subsidiary covenants in favour of JDF that Subsidiary will not, prior to the Effective Date:

- (a) declare, pay or set aside any dividends or provide for any distribution of its properties or assets, or make any payment by way of return of capital or otherwise, to its shareholders;
- (b) split, combine or reclassify any outstanding shares;
- (c) enter into any material contract, other than in the ordinary course of business consistent with past practice;
- (d) redeem, purchase or offer to purchase any of its shares or other securities;
- (e) reorganize, amalgamate or merge with any other person or other business organization whatsoever;
- (f) except for this agreement, acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any person or other business organization or division, or any assets or properties of a material nature;
- (g) incur or commit to incur any indebtedness for borrowed money, other than in the ordinary course of business consistent with past practice, or issue any debt securities;
- (h) make any changes to its issued and outstanding capital stock, including issuing or committing to issue any shares of its capital stock, or rights, warrants or options to purchase such shares, or any securities convertible into such shares, warrants or options;
- (i) except as contemplated by this agreement, alter or amend in any way its constating documents or by-laws as the same exist at the date of this agreement;
- (j) take any action which would be outside the ordinary course of business or which may result in a Material Adverse Change;
- (k) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any material component of its assets other than in the ordinary course of business consistent with past practice;
- (l) engage in any business enterprise or other activity, other than as contemplated herein;
- (m) enter into any transaction with or make payments or issue securities to a party or parties with whom Subsidiary does not deal at arm's length, other than in the ordinary course of business consistent with past practice;
- (n) enter into any employment or consulting agreement with any director, officer or employee who has a policy-making function, or hire or promote any such person; or
- (o) perform any act or enter into any transaction or negotiation which might materially

adversely interfere or be materially inconsistent with the consummation of the transactions contemplated under this agreement.

4.6 **Further Covenants of Subsidiary.** Subsidiary covenants in favour of JDF that Subsidiary will:

- (a) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfill its obligations under and to carry out the transactions contemplated by this agreement;
- (b) provide JDF Explorations and JDF, on a timely basis, with all relevant information concerning itself and its business, operations and financial statements for inclusion in the JDF Circular and that such information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in the light of the circumstances in which it will be made, and such information will constitute full, true and plain disclosure of all material facts relating to the particular matters concerning Subsidiary that are required to be included in the JDF Circular;
- (c) if the JDF Meeting is convened, provide JDF, on a timely basis, with all relevant information concerning itself and its business, operations and financial statements for inclusion in the JDF Circular and that such information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in the light of the circumstances in which it will be made, and such information will constitute full, true and plain disclosure of all material facts relating to the particular matters concerning Subsidiary to be acted upon by the JDF Shareholders at the JDF Meeting;
- (d) except for proxies and other non-substantive communications with security holders, provide promptly to JDF a copy of each notice, report, schedule or other document delivered, filed or received by Subsidiary in connection with: (i) the Amalgamation; (ii) any filings under applicable laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein;
- (e) make all necessary filings and applications under applicable foreign, federal and provincial laws and regulations required on the part of Subsidiary in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (f) use all commercially reasonable efforts to conduct its affairs so that all of Subsidiary's representations and warranties contained herein will be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties are made as of a certain date or require modification to give effect to the transactions contemplated herein;
- (g) use all commercially reasonable efforts and do all such acts and things that are reasonably

necessary to cause each of the conditions precedent specified in sections 5.1 and 5.2 to be complied with;

- (h) subject to the satisfaction of the conditions precedent in sections 5.1 and 5.3, thereafter together with JDF and JDF Explorations file with the Registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date; and
- (i) notify JDF immediately upon becoming aware that any of the representations and warranties of Subsidiary contained herein are no longer true and correct in any material respect.

## **ARTICLE 5**

### **CONDITIONS PRECEDENT AND OTHER MATTERS**

5.1 **Mutual Conditions Precedent.** The respective obligations of the parties to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, of the following conditions any of which may be waived by the mutual consent of such parties without prejudice to their rights to rely on any other or others of such conditions:

- (a) the JDF Explorations Shares to be issued upon the completion of the Amalgamation will have been conditionally approved for listing by the Exchange, subject to JDF Explorations fulfilling the Exchange's customary listing requirements;
- (b) the Amalgamation will have been approved by written unanimous resolution of the JDF Shareholders or the required majority of the votes of the JDF Shareholders who, being entitled to do so, vote in person or by proxy at the JDF Meeting in accordance with the provisions of the Act;
- (c) there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this agreement and there shall be no proceeding, whether of a judicial or administrative nature or otherwise, in progress that relates to or results from the transactions contemplated under this Agreement that would, if successful, result in an order or ruling that would preclude completion of the transactions contemplated under this Agreement in accordance with the terms and conditions hereof or thereof;
- (d) all consents, orders and approvals, including, without limitation, regulatory approvals, required or necessary or desirable for the completion of the transactions provided for in this agreement will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties, acting reasonably and all other applicable regulatory requirements, conditions and consents shall have been complied with, the failure to obtain which would, individually or in the aggregate, have a Material Adverse Effect on JDF Explorations, Subsidiary, JDF or Amalco after the Effective Time; and

- (e) this agreement will not have been terminated in accordance with section 6.2 of this agreement.

5.2 **Conditions to Obligations of JDF.** The obligation of JDF to consummate the transactions contemplated in this agreement is subject to the satisfaction, on or before the Closing Date, or such other date specified below, of the following conditions:

- (a) each of the acts and undertakings, obligations and covenants of JDF Explorations to be performed on or before the Closing Date pursuant to the terms of this agreement will have been duly performed by JDF Explorations in all material respects;
- (b) no Material Adverse Change in JDF Explorations will have occurred between the date of this agreement and the Closing Date;
- (c) except as affected by the transactions contemplated herein, the representations and warranties of JDF Explorations and Subsidiary contained in sections 3.3 and 3.4 will be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time and JDF will have received a certificate to that effect, dated the Closing Date, from a senior officer or director of JDF Explorations and Subsidiary acceptable to JDF, to the best of their knowledge, after having made reasonable inquiry;
- (d) the covenants of JDF Explorations contained in sections 4.3 and 4.4 will have been complied with, and JDF will have received a certificate dated the Closing Date of a senior officer or director of JDF Explorations acceptable to JDF to such effect;
- (e) JDF Explorations will have provided JDF with:
  - (i) certified copies of the resolutions passed by the board of directors of JDF Explorations approving this agreement and the consummation of the transactions contemplated herein; and
  - (ii) a conditional approval letter from the Exchange approving the listing of the JDF Explorations Shares issuable pursuant to the Amalgamation, subject to the usual terms and conditions with respect to listing.
- (f) there shall not be any action taken, any law enacted, entered, enforced or deemed applicable by any governmental entity or pending or threatened any suit, action or proceeding by any governmental entity in connection with the grant of any appropriate regulatory approval or otherwise:
  - (i) seeking to prohibit or restrict the acquisition by JDF Explorations or Subsidiary of any JDF Shares;
  - (ii) challenging or seeking to restrain or prohibit the consummation of the Amalgamation or seeking to obtain from JDF, JDF Explorations or Subsidiary any damages that are material in relation to JDF Explorations or Subsidiary;

(iii) seeking to prohibit or materially limit the ownership or operation by JDF Explorations or Subsidiary of any material portion of the business or assets of JDF Explorations, JDF or any of their respective subsidiaries or to compel JDF Explorations or Subsidiary to dispose of or hold separate any material portion of the business or assets of JDF Explorations, JDF or Amalco or any of their respective subsidiaries, as a result of the Amalgamation; or

(iv) imposing any condition or restriction that in the judgment of JDF, acting reasonably, would be materially burdensome to the future operations or business of any business unit of JDF Explorations or Amalco after the Effective Time;

- (g) JDF Explorations and Subsidiary shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by JDF Explorations and Subsidiary, to permit the consummation of the Amalgamation;

The conditions described above are for the exclusive benefit of JDF and may be asserted by JDF regardless of the circumstances, or may be waived by JDF in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which JDF may have hereunder or at law.

**5.3 Conditions to Obligations of JDF Explorations and Subsidiary.** The obligations of JDF Explorations and Subsidiary to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, or such other date specified below, of the following conditions:

- (a) each of the acts and undertakings of JDF to be performed on or before the Closing Date pursuant to the terms of this agreement will have been duly performed by JDF in all material respects;
- (b) no Material Adverse Change in JDF will have occurred between the date of this agreement and the Closing Date;
- (c) except as affected by the transactions contemplated herein, the representations and warranties of JDF contained in sections 3.1 and 3.2 will be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time, and JDF Explorations will have received a certificate to such effect, dated the Closing Date, of a senior officer or director of JDF acceptable to JDF Explorations to the best of their knowledge, after having made reasonable inquiry;
- (d) the covenants of JDF contained in sections 4.1 and 4.2 will have been complied with, and JDF Explorations will have received a certificate, dated the Closing Date, of a senior officer or director of JDF acceptable to JDF Explorations to such effect;
- (e) JDF will have provided JDF Explorations with:
- (i) certified copies of the resolutions passed by the board of directors of JDF

approving this agreement and the consummation of the transactions contemplated herein; and

- (ii) certified copies of the unanimous written consent of the JDF Shareholders approving the Amalgamation Agreement or, if the JDF Meeting is convened, resolutions passed by the JDF Shareholders at the JDF Meeting approving the Amalgamation Agreement; and
- (f) if the JDF Meeting is convened, not more than 5% of the JDF Shareholders will have exercised rights of dissent in relation to the Amalgamation and JDF will have provided to JDF Explorations a certificate of an officer of JDF certifying on the Effective Date the number of JDF Shares in respect of which, to such officer's knowledge, the holders have exercised rights of dissent.

The conditions described above are for the exclusive benefit of JDF Explorations and Subsidiary and may be asserted by JDF Explorations and Subsidiary regardless of the circumstances, or may be waived by each of JDF Explorations or Subsidiary in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which JDF Explorations and Subsidiary may have hereunder or at law.

5.4 **Amalgamation of Conditions.** The conditions set out in sections 5.1, 5.2 and 5.3 will be conclusively deemed to have been satisfied, waived or released on the filing of the Articles of Amalgamation and the Amalgamation Application, and such other documents as are required to be filed under the Act for acceptance by the Registrar to give effect to the Amalgamation and the issuance of the amalgamation certificate with the Registrar by JDF Explorations, Subsidiary and JDF.

5.5 **Acknowledgements.** Each of the parties acknowledges and agrees that:

- (a) Amalco will fulfil its obligations pursuant to indemnities provided or available to past and present officers and directors of JDF and Subsidiary pursuant to the provisions of their respective constating documents and the Act, as applicable; and
- (b) the provisions of section (a) above are: (i) intended for the benefit of all present and former directors and officers of JDF and Subsidiary, and will be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and each of JDF and Subsidiary will hold the rights and benefits of section (a) above in trust for, and on behalf of, their respective Third Party Beneficiaries and each of JDF and Subsidiary hereby accept such trust and agree to hold the benefit of, and enforce performance of, such covenants on behalf of their respective Third Party Beneficiaries; and (ii) in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.



**ARTICLE 6**  
**AMENDMENT AND TERMINATION OF AGREEMENT**

6.1 **Amendment.** This agreement may, at any time and from time to time before or after the holding of the JDF Meeting, be amended by written agreement of the parties without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant to this agreement;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein; provided that no such amendment will change the provisions of this agreement regarding the consideration to be received by the security holders of JDF and the security holder of Subsidiary without approval by such security holders of JDF and JDF Explorations given in the same manner as required for the approval of the Amalgamation.

6.2 **Rights of Termination.** If any of the conditions contained in Article 5 are not fulfilled or performed by the applicable date specified in Article 5, and in any event not later than the Termination Date, and such condition is contained in:

- (a) section 5.1, then any of the parties may terminate this agreement by notice to the other parties;
- (b) section 5.2, then JDF may terminate this agreement by notice to JDF Explorations and Subsidiary; or
- (c) section 5.3, then JDF Explorations or Subsidiary may terminate this agreement by notice to JDF,

provided that, if the conditions contained in Article 5 have not been fulfilled or performed as a result of the breach by the party seeking to terminate this agreement pursuant to this section 6.2 of any covenant, obligation, representation or warranty of such party under this agreement, such party will not be permitted to so terminate this agreement.

If this agreement is terminated as aforesaid, the party terminating this agreement will be released from all obligations under this agreement, all rights of specific performance against such party will terminate and, unless such party can show that the condition or conditions the nonperformance of which has caused such party to terminate this agreement were reasonably capable of being performed by the other party, then the other party will also be released from all obligations hereunder; and further provided that any of such conditions may be waived in full or

in part by either of the parties without prejudice to its rights of termination in the event of the non-fulfillment or non-performance of any other condition.

- 6.3 **Notice of Unfulfilled Conditions.** If any party determines at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated herein because of any unfulfilled or unperformed condition contained in this agreement on the part of the other party to be fulfilled or performed, that party will so notify the other parties forthwith upon making such determination in order that such other party will have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Termination Date.
- 6.4 **Mutual Termination.** This agreement may, at any time before or after the holding of the JDF Meeting (if applicable), but no later than the last Business Day immediately preceding the Effective Date, be terminated by mutual agreement of the parties without further action on the part of the parties' shareholders, and if the Amalgamation does not become effective by the Termination Date, any party may unilaterally terminate this agreement, which termination will be effective upon notice thereof being given to the other parties.

## **ARTICLE 7 NOTICES**

- 7.1 **Valid Notices.** A notice or other communication to a party under this letter is valid if (a) it is in writing, (b) it is delivered by hand, by registered mail, or by any courier service that provides proof of delivery, (c) it is sent by electronic mail, and (d) it is addressed using the information for that party set out below (or any other information specified by that party in accordance with this section 7.1);

To JDF Explorations:

JDF Explorations Inc.  
5728 East Boulevard  
Vancouver, British Columbia, V6M 4M4  
Attention: Ron Ozols  
E-Mail: ronozols@gmail.com

To Subsidiary:

1010309 B.C. LTD  
5728 East Boulevard  
Vancouver, British Columbia, V6M 4M4  
Attention: Randy Schuler  
E-Mail: randy.schuler@shaw.ca

To JDF:

Juan De Fuca Resources Corp.  
3101 East Kent Avenue North  
Vancouver, British Columbia, V5S 4Y1  
Attention: Randy Schuler  
E-Mail: randy.schuler@shaw.ca

- 7.2 **Effective Notices.** A valid notice or other communication under this letter will be effective when the party to which it is addressed receives it. A party is deemed to have received a notice or other communication under this letter at the time and date indicated on the signed receipt; and, if the party to which it is addressed rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal or inability to deliver.

## **ARTICLE 8 CERTIFICATES**

- 8.1 At or immediately following the Effective Time, JDF Explorations shall deposit with the JDF Explorations Transfer Agent, for the benefit of the Holders of JDF Shares who will receive JDF Explorations Shares in connection with the Amalgamation, certificates representing the maximum number of JDF Explorations Shares that are issuable in connection with the Amalgamation. Upon surrender to the Transfer Agent for transfer to JDF Explorations of a certificate which immediately prior to or upon the Effective Time represents JDF Shares in respect of which the Holder is entitled to receive JDF Explorations Shares, respectively, in connection with the Amalgamation, and such other documents and instruments as would have been required to effect the transfer of the securities formerly represented by such certificate under the Act (or by Direct Registration System), the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and after the Effective Time the Transfer Agent shall deliver to such Holder, a certificate representing that number of JDF Explorations Shares which such Holder has the right to receive and any certificates so surrendered shall forthwith be cancelled. No dividends and distributions will be payable to Holders of certificates in respect of JDF Shares. In the event of a transfer of ownership of JDF Shares that was not registered in the applicable securities register of JDF, a certificate representing the proper number of JDF Explorations Shares, as applicable, may be issued to the transferee if the certificate representing such JDF Shares is presented to the JDF Explorations Transfer Agent as provided above, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid. Until surrendered, as contemplated by this Section 8.1, each certificate which immediately prior to or upon the Effective Time represented one or more JDF Shares under the Amalgamation, that were exchanged for JDF Explorations Shares, shall be deemed at all times after the Effective Time, to represent only the right to receive upon such surrender a certificate representing that number of JDF Explorations Shares which such Holder has the right to receive.

**[This space is intentionally left blank.]**

**ARTICLE 9  
GENERAL**

9.1 **Standstill Agreement.** As long as this agreement is in effect, no party (including its respective directors, officers and agents) will solicit any discussions, expressions of interest, proposals or accept any offers from any person relating to a possible (i) amalgamation, (ii) arrangement or (iii) sale of substantially all of the shares or assets, or any controlling equity interest of any party; provided, however, that the board of directors of any party may take action or refrain from taking action as is appropriate to satisfy applicable fiduciary duties; and further provided that any party (including its directors, officers and agents) may, after the Termination Date, solicit and accept offers if the Articles of Amalgamation are not filed with the Registrar by the Termination Date.

9.2 **Disclosure of Alternative Transaction.** If any party receives an unsolicited proposal, offer or expression of interest in connection with any of the matters referred to in section 9.1 on or before the Termination Date, the recipient of such proposal, offer or expression of interest shall notify the other parties and shall provide details of such proposal, offer or expression of interest to the other parties.

9.3 **Confidentiality.** Each party will provide such information as to its financial condition, business, properties, title, assets and affairs (including any material contracts) as may reasonably be requested by the other parties. Such information which:

- (a) has not become generally available to the public; or
- (b) was not available to a party or its representatives on a non-confidential basis before the date of this agreement; or
- (c) does not become available to a party or its representatives on a non-confidential basis from a person who is not, to the knowledge of the party or its representatives, otherwise bound by confidentiality obligations to the provider of such information or otherwise prohibited from transmitting the information to the party or its representatives,

will be kept confidential by each party and will constitute confidential information (the "**Confidential Information**"). No Confidential Information may be released to third parties without the consent of the provider, except that the parties agree that they will not unreasonably withhold such consent to the extent that such Confidential Information is compelled to be released by legal process or must be released to regulatory bodies or included in public documents.

9.4 **Public Disclosure.** The parties agree to consult with each other before making any public disclosure or announcement of or pertaining to this agreement, and that any such disclosure or announcement will be mutually satisfactory to all parties; provided, however, this section 9.4 will not apply in the event any party is advised by its counsel that certain disclosures or announcements, which the other parties after reasonable notice will not consent to, are required to be made by applicable laws, stock exchange rules or policies of regulatory authorities having jurisdiction.

9.5 **No personal Liability.**

- (a) No director, officer, employee or agent of JDF Explorations and Subsidiary will have any personal liability whatsoever to JDF under this agreement, or any other document delivered in connection with the Amalgamation on behalf of JDF Explorations and Subsidiary.
- (b) No director, officer, employee or agent of JDF will have any personal liability whatsoever to JDF Explorations under this agreement, or any other document delivered in connection with the Amalgamation on behalf of JDF.

9.6 **Entire Agreement.** This agreement constitutes the entire understanding between the parties with respect to the subject matter of this agreement, and supersedes all other prior agreements, whether written or oral, between the parties.

9.7 **Amendment.** No amendment to this agreement will be effective unless it is in writing and signed by both parties.

9.8 **Severability.** If any provision of this agreement is held to be unenforceable, then that provision will be construed by modifying it to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded. If an unenforceable provision is modified or disregarded in accordance with this section, then the rest of this agreement will remain in effect as written, and the unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable.

9.9 **Assignment.** No party shall assign any of its rights or delegate any of its obligations under this agreement without the prior written consent of the other parties. Any purported assignment or delegation in breach of this section 9.9 will be void.

9.10 **Governing Law.** This agreement is to be interpreted in accordance with, and any adversarial proceedings arising out of this agreement are to be governed by, the laws of British Columbia and Canada, and the parties hereby submit to the jurisdiction of British Columbia's courts.

9.11 **Further Assurances.** Each party will, from time to time, and at all times hereafter, at the request of the other parties, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as will be reasonably required in order to fully perform and carry out the terms and intent of this agreement.

9.12 **Counterparts.** This agreement may be signed in counterparts, each of which will be deemed to be an original and together will be deemed to constitute the same instrument.

The parties are signing this agreement on the date stated in the introductory clause.

**[SIGNATURE PAGE FOLLOWS]**

**JDF Explorations Inc.**

Per: “/s/ Ron Ozols”

Name: Ron Ozols

Title: Authorized Signatory and Director

**JUAN DE FUCA RESOURCES CORP.**

Per : “/s/ Randy Schuler”

Name : Randy Schuler

Title: Authorized Signatory, CEO and Director

**1010309 B.C. LTD.**

Per: “/s/ Randy Schuler”

Name: Randy Schuler

Title: Authorized Signatory and Director

**SCHEDULE A**  
**ARTICLES OF AMALGAMATION OF AMALCO**

[See attached]

**SCHEDULE B**  
**OUTSTANDING LIABILITIES OF JDF Explorations**

[See attached]



**SCHEDULE C**  
**JDF's Financial Statements**

[See attached]

**Schedule D - Form of Amalgamation Resolution of  
Subsidiary**

BE IT RESOLVED AS A UNANIMOUS RESOLUTION THAT:

1. The amalgamation of 1010309 B.C. LTD. (“**Subsidiary**”) and Juan De Fuca Resources Corp. (“**JDF**”) (the “**Amalgamation**”) as provided for in and subject to the terms and conditions set forth in the amalgamation agreement (the “**Amalgamation Agreement**”) dated as of September\_\_\_\_, 2014 among JDF Explorations Inc. (“**JDF Explorations**”), Subsidiary and JDF, is hereby approved and authorized, all as more particularly described in the Amalgamation Agreement.
2. The Amalgamation Agreement, be and is hereby approved and authorized.
3. Notwithstanding that this resolution has been passed (and the Amalgamation Agreement and the Amalgamation adopted) by the registered Holders of common shares in the capital of the Subsidiary (“**Subsidiary Shareholders**”), the Board of Directors of the Subsidiary is hereby authorized and empowered without further notice to or approval of the Subsidiary Shareholders:
  - (a) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement; and
  - (b) subject to the terms and conditions of the Amalgamation Agreement, not to proceed with the Amalgamation.
4. Any director or officer of the Subsidiary be, and such director or officer of the Subsidiary hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of the Subsidiary, to do or to cause to be done all such other acts and things in the opinion of such director or officer of the Subsidiary as may be necessary or desirable in order to fulfill the intention of this resolution and the matters authorized hereby.

**Schedule D1 - Form of Amalgamation Resolution of**

**Juan De Fuca Resources Corp.**

BE IT RESOLVED AS A UNANIMOUS RESOLUTION THAT:

1. The amalgamation of 1010309 B.C. LTD (“**Subsidiary**”) and Juan De Fuca Resources Corp. (“**JDF**”) (the “**Amalgamation**”) as provided for in and subject to the terms and conditions set forth in the amalgamation agreement (the “**Amalgamation Agreement**”) dated as of September\_\_\_\_, 2014 among JDF Explorations Inc. (“**JDF Explorations**”), Subsidiary and JDF, is hereby approved and authorized, all as more particularly described in the Amalgamation Agreement.
2. The Amalgamation Agreement, be and is hereby approved and authorized.
3. Notwithstanding that this resolution has been passed (and the Amalgamation Agreement and the Amalgamation adopted) by the registered Holders of common shares in the capital of the JDF (“**JDF Shareholders**”), the Board of Directors of JDF is hereby authorized and empowered without further notice to or approval of the JDF Shareholders:
  - (a) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement; and
  - (b) subject to the terms and conditions of the Amalgamation Agreement, not to proceed with the Amalgamation.
4. Any director or officer of JDF be, and such director or officer of the JDF hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of JDF to do or to cause to be done all such other acts and things in the opinion of such director or officer of JDF as may be necessary or desirable in order to fulfill the intention of this resolution and the matters authorized hereby.

**Schedule E - Form of Amalgamation Application**

[See attached]

Telephone: 1 877 526-1526  
[www.bcregistryservices.gov.bc.ca](http://www.bcregistryservices.gov.bc.ca)

**DO NOT MAIL THIS FORM** to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at [www.corporateonline.gov.bc.ca](http://www.corporateonline.gov.bc.ca)

**Freedom of Information and Protection of Privacy Act (FOIPPA):** Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

**A INITIAL INFORMATION** – When the amalgamation is complete, your company will be a BC limited company.

What kind of company(ies) will be involved in this amalgamation?  
(Check all applicable boxes.)

- BC company  
 BC unlimited liability company

**B NAME OF COMPANY** – Choose **one** of the following:

The name \_\_\_\_\_ is the name reserved for the amalgamated company. The name reservation number is: \_\_\_\_\_

**OR**

The company is to be amalgamated with a name created by adding "B.C. Ltd." after the incorporation number,

**OR**

The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

\_\_\_\_\_

The incorporation number of that company is: \_\_\_\_\_

*Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.*

**C AMALGAMATION STATEMENT** – Please indicate the statement applicable to this amalgamation.

**With Court Approval:**  
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

**OR**

**Without Court Approval:**  
This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

**D AMALGAMATION EFFECTIVE DATE** – Choose *one* of the following:

The amalgamation is to take effect at the time that this application is filed with the registrar.

The amalgamation is to take effect at 12:01a.m. Pacific Time on  being a date that is not more than ten days after the date of the filing of this application.

The amalgamation is to take effect at   a.m. or  p.m. Pacific Time on  being a date and time that is not more than ten days after the date of the filing of this application.

**E AMALGAMATING CORPORATIONS**

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1.		
2.		
3.		
4.		
5.		

**F FORMALITIES TO AMALGAMATION**

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

**G CERTIFIED CORRECT** – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

1.	NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
		X	
2.	NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
		X	
3.	NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
		X	

## NOTICE OF ARTICLES

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**A NAME OF COMPANY**

Set out the name of the company as set out in Item B of the Amalgamation Application.

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**B TRANSLATION OF COMPANY NAME**

Set out every translation of the company name that the company intends to use outside of Canada.

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**C DIRECTOR NAME(S) AND ADDRESS(ES)**

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME	FIRST NAME	MIDDLE NAME
DELIVERY ADDRESS		
	PROVINCE/STATE	COUNTRY
MAILING ADDRESS		
	PROVINCE/STATE	COUNTRY
		POSTAL CODE/ZIP CODE
DELIVERY ADDRESS		
	PROVINCE/STATE	COUNTRY
MAILING ADDRESS		
	PROVINCE/STATE	COUNTRY
		POSTAL CODE/ZIP CODE
DELIVERY ADDRESS		
	PROVINCE/STATE	COUNTRY
MAILING ADDRESS		
	PROVINCE/STATE	COUNTRY
		POSTAL CODE/ZIP CODE
DELIVERY ADDRESS		
	PROVINCE/STATE	COUNTRY
MAILING ADDRESS		
	PROVINCE/STATE	COUNTRY
		POSTAL CODE/ZIP CODE

**D REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE	PROVINCE <b>BC</b>	POSTAL CODE
MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE	PROVINCE <b>BC</b>	POSTAL CODE

**E RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE	PROVINCE <b>BC</b>	POSTAL CODE
MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE	PROVINCE <b>BC</b>	POSTAL CODE

**F AUTHORIZED SHARE STRUCTURE**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)

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**SCHEDULE F**

**SHAREHOLDERS OF JUAN DE FUCA RESOURCES CORP.**

**THREE CORNER AMALGAMATION**

**(this form is being sent to each JDF Shareholder for signing along with the Amalgamation Agreement draft substantially in the form to be executed or the executed Amalgamation Agreement)**

**The following is a description of the Outstanding Securities of Shareholder and the Shareholder's Agreement to the Amalgamation pursuant to the Amalgamation Agreement, a draft of which, substantially in the form to be executed, or as executed is provided to the Shareholder along with this document.**

Name of shareholder: \_\_\_\_\_ (the "Shareholder")

Address: \_\_\_\_\_  
\_\_\_\_\_

Number of shares held in Juan De Fuca Resources Corp. ("JDF"): \_\_\_\_\_ (the "Shares")

The Shareholder hereby approves the amalgamation agreement attached thereto including the transactions it contemplates.

Signed: \_\_\_\_\_  
Signature of Shareholder

Date: \_\_\_\_\_

### **Schedule G – Material Contracts of JDF**

1. The Blue Hawk Purchase Option Agreement entered into between Syon Investments Limited and JDF dated November 2, 2012, relating to the JDF's option on the mineral claim 778462 located in the Vernon Mining Division, British Columbia, as rights more particularly described in that agreement.
2. The Mineral Property Acquisition Agreement entered into between Syon Investments Limited and JDF dated July 12, 2012 relating to the JDF's option on the mineral claim 904009 located in the Vernon Mining Division, British Columbia, rights more particularly described in that agreement.
3. Purchase Agreement for the Blue Hawk Mineral Property and the Spode Mineral Property between Syon Investments Limited and JDF dated for reference June 12, 2014 relating to JDF's purchase of the Blue Hawk Mineral Property and the Spode Mineral Property.

**AMENDMENT  
TO AMALGAMATION AGREEMENT**

THIS AMENDMENT AGREEMENT is dated effective November 3, 2014.

**BETWEEN:**

**JDF Explorations Inc. (formerly, 1001875 B.C. Ltd.)**, a company incorporated under the laws of British Columbia and having an office at 5728 East Boulevard, Vancouver, British Columbia, V6M 4M4 ("**JDF Explorations**"),

And

**1010309 B.C. LTD.**, a company to be incorporated under the laws of the Province of British Columbia with its head office in the city of Vancouver, in the Province of British Columbia ("**Subsidiary**"),

And

**Juan De Fuca Resources Corp.**, a company incorporated under the laws of British Columbia and having an office at 3101 East Kent Avenue, North Vancouver, British Columbia, V5S 4Y1 ("**JDF**");

And

**Auxellence Health Corporation**, #302-675 W Hastings St., Vancouver, British Columbia, V6B 1N2 ("**AID**")

(each a "**Party**", and collectively the "**Parties**")

**WHEREAS:**

- A. JDF Explorations, the Subsidiary, and JDF have entered into an Amalgamation Agreement on September 17, 2014 (the "**Amalgamation Agreement**");
- B. JDF Explorations, the Subsidiary, and JDF wish to have AID become a party to the Amalgamation Agreement in order to ensure the completion of the amalgamation pursuant to the Amalgamation Agreement; and
- C. The parties have agreed to amend the Amalgamation Agreement as provided for in this Amendment Agreement.

**WITNESSETH THAT** in consideration of the mutual covenants and agreements herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

1. Interpretation

- 1.1 Capitalized terms used and not otherwise defined in this Amendment Agreement have the meanings ascribed thereto in the Amalgamation Agreement.

2. AID as a party to the Amalgamation Agreement

- 2.1. The Parties agree that AID shall be a party to the Amalgamation Agreement.
- 2.2. AID agrees to be bound by the terms and conditions of the Amalgamation Agreement.

3. Amendments to the Amalgamation Agreement

- 3.1. The Amalgamation Agreement is hereby amended by adding section 2.8 and inserting the following in said section:

"Auxellence Health Corporation shall take such action(s) necessary or desirable to carry out the purposes of the Agreement or the other related documents, and to effectuate the transactions contemplated herein, including but not limited to: (a) executing and delivering to documents in furtherance of the Agreement; and (b) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated herein."

4. General

- 4.1. Except as amended by this Amendment Agreement, the Amalgamation Agreement remains in full force and effect, unamended.
- 4.2. This Amendment Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- 4.3. This Amendment Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 4.4. The Amalgamation Agreement shall hereafter be read and construed together with this Amendment Agreement and in the event of any conflict or inconsistency between the provisions of this Amendment Agreement with the provisions of the Amalgamation Agreement, the provisions of this Amendment Agreement shall prevail and govern the interpretation thereof.
- 4.5. This Amendment Agreement may be executed in counterparts with the same effect as if all parties had all signed the same document. All counterparts will be construed together and will constitute one and the same agreement. This Amendment Agreement may be transmitted by facsimile or electronic transmission and if so transmitted this Amendment Agreement shall be for all purposes as effective as if the parties had delivered an executed original of this Amendment Agreement. This Amendment Agreement may be signed manually or electronically.

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment Agreement to be duly executed as of the date set out above.

**[Signature Page Follows]**

**JDF Explorations Inc.**

Per: /s/ "Ron Ozols"  
Name: Ron Ozols  
Title: Authorized Signatory

**1010309 B.C. LTD.**

Per: /s/ "Randy Schuler"  
Name: Randy Schuler  
Title: Authorized Signatory

**Juan De Fuca Resources Corp.**

Per: /s/ "Randy Schuler"  
Name: Randy Schuler  
Title: Authorized Signatory

**Auxellence Health Corporation**

Per: /s/ "Sydney Au"  
Name: Sydney Au  
Title: Authorized Signatory