

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF JDF EXPLORATIONS INC. FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD  
ENDED OCTOBER 31, 2014**

**1. DATE AND SUBJECT OF REPORT: December 20, 2014**

The following Management Discussion & Analysis ("MD&A") the financial condition and results of operations has been prepared as at December 24, 2014, and is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of JDF Explorations Inc. ("JDFE" or the "Company") for the period from incorporation on May 9, 2014 and ended October 31, 2014. The MD&A should be read in conjunction with the audited financial statements of the Company as at July 31, 2014 and the unaudited condensed interim financial statements of the Company as at October 31, 2014.

**2. SCOPE AND ANALYSIS**

The following is a discussion and analysis of the Company which was incorporated on May 9, 2014 under the laws of the Province of British Columbia as 1001875 B.C. Ltd. with a certificate of name change filed on August 14, 2014 changing the name to JDF Explorations Inc. JDFE's head office is located at 600 – 666 Burrard Street, Vancouver, B.C. V6C 3P6. JDFE reports its financial results in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS").

Provided that the transactions contemplated in the amalgamation agreement executed on September 17, 2014 referred to in Clause 5 take place, the Company's primary asset, acquired as described in Clauses 5 and 14 will be a 100% owned subsidiary by the name of Juan De Fuca Resources Corp. ("JDFR"). JDFR is an exploration stage junior mining company engaged in the identification, evaluation and exploration of gold, precious metals and base metal properties.

**3. FORWARD LOOKING STATEMENTS**

Certain statements in this report may be forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect

management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about our current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of minerals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

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

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

Additional information relating to JDFE is available by accessing the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### **4. TRENDS**

Other than as disclosed in this MD&A, JDFE is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its profitability, cash flow, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

#### **5. GENERAL DEVELOPMENT AND JDFE's BUSINESS**

The Company has one wholly-owned subsidiary, 1010309 B.C. Ltd. (the "Subsidiary"), which was incorporated in the Province of British Columbia on August 8, 2014. Pursuant to an amalgamation agreement executed on September 17, 2014 Juan De Fuca Resources Corp. will

be amalgamated with the Subsidiary, with JDFR being the surviving corporation (see detailed description in Clause 14). The amalgamation is predicated upon JDFE receiving conditional listing approval from the Canadian Securities Exchange (“CSE”), amongst other conditions stipulated in the mentioned amalgamation agreement.

JDFR is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold, precious metals and base metal properties.

## 6. SELECTED PERIOD FINANCIAL RESULTS AND INFORMATION

The following financial data, which has been prepared in accordance with IFRS, is derived from JDFE's audited financial statements. These sums are being reported in Canadian dollars.

### **Statement of Operations:**

	Period from May 9 to July 31, 2014	Three Months Ended October 31, 2014
Total Revenue	\$ -	\$ -
Net Loss and comprehensive Loss	(1,500)	-
Basic and diluted loss per share	(1,500)	-
Total assets	1	1
Total long-term liabilities	-	-
<u>Cash dividends per share</u>	<u>-</u>	<u>-</u>

## **Statement of Financial Position:**

	July 31, 2014	October 31, 2014
Total Current Assets	\$ 1	\$ 1
Total Assets	1	1
Total Current Liabilities	1,500	1,500
Total Long-Term Liabilities	-	-
Working Capital Deficit	(1,499)	(1,499)
Cash or non-cash Dividends	-	-

### **7. RESULTS OF OPERATIONS**

The Company has not generated revenues to date and has experienced minimal operating cash flow and incurred a net loss of \$1,500 for the period from incorporation on May 9, 2014 and ended October 31, 2014. The expenses relate to the accrual of accounting and audit fees. Accordingly there are no comparative figures as the Company was incorporated on May 9, 2014 and July 31, 2014 was the first period from incorporation that the Company records were audited and therefore there is no financial activity for the three month period ending October 31, 2014.

The Company filed an application for listing with the Canadian Securities Commission on October 22, 2014.

### **8. LIQUIDITY**

- a) Liquidity risk is the risk that JDFE will not be able to meet its financial obligations as they fall due. JDFE maintains sufficient cash balances to meet current working capital requirements for the foreseeable future. JDFE is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs.
- b) Despite previous success in acquiring these financings there is no guarantee of obtaining future financings. JDFE's cash is invested in business accounts with quality financial institutions and is available on demand for JDFE's programs, and is not invested in any asset backed commercial paper.
- c) Other than as set forth herein, there are no expected fluctuations in JDFE's liquidity taking into account demands, commitments, events or uncertainties.

- d) JD FE does not currently have any liquidity risks associated with financial instruments.
- e) JD FE needs to meet certain minimum working capital requirements in order for it to be listed on CSE once listed. JD FE expects to meet its liquidity needs through additional equity financing(s) if required.
- f) There are no balance sheet conditions or income or cash flow items that currently affect JD FE's liquidity.
- g) There are currently no defaults or arrears by JD FE.

## **9. CAPITAL RESOURCES**

There are no known trends of expected fluctuations in JD FE's capital resources, including expected changes in the mix and relative costs of such resources.

## **10. OFF BALANCE SHEET ARRANGEMENTS**

As of the date of this discussion JD FE had no off-balance sheet financing arrangements.

## **11. PROPOSED TRANSACTIONS**

Except as otherwise discussed in this document JD FE does not have any proposed transactions to discuss at this time.

## **12. TRANSACTIONS WITH RELATED PARTIES**

None to report.

## **13. OUTSTANDING SHARE DATA**

Share Capital:

Authorized: an unlimited number of common shares without par value.

Issued and Outstanding: As at July 31, 2014 and as at October 31, 2014 the Company had 1 common share outstanding.

Stock Options: JD FE has not adopted any incentive stock option plans.

## **14. COMMITMENTS**

- a) On 12 May 2014, the Company signed letters of intent (“LOI”) with Auxellence Health Corporation (“Auxellence”), Juan De Fuca Resources Corp. and 1010309 B.C. Ltd. whereby the Company will enter into a three-corner amalgamation with JDFR and the Subsidiary (the “Amalgamation”) for the purposes of listing with a Canadian stock exchange. Pursuant to the Amalgamation, JDFR will become a wholly owned subsidiary of the Company. See also Clause 17.
- b) On September 17, 2014 a definitive agreement (the “Agreement”) related to the Amalgamation was finalized, whereby the Subsidiary will amalgamate and continue as one corporation named “Juan De Fuca Resources Corp.” (the “Resulting Company”) by way of the following steps:
  - i. The Company’s issued and outstanding common shares will be exchanged for the common shares of JDFR on a 1:1 basis.
  - ii. The issued and outstanding common shares of the Subsidiary will be exchanged for the common shares of the Resulting Company on a 1:1 basis. The common shares of the Subsidiary will subsequently be cancelled.
  - iii. The Company will not be issuing any warrants or other securities to replace the cancelled share purchase warrants of JDFR.
  - iv. The Resulting Company, Juan De Fuca Resources Corp., will be a 100% owned subsidiary of JDFE.

## **15. CONTINGENCIES**

There are no other contingencies outstanding as of date of this discussion.

## **16. SUBSEQUENT EVENTS**

On December 17, 2014 the Company was granted a conditional listing by the Canadian Securities Exchange. The condition of the CSE approval was that the Company must raise an additional \$75,000 to \$100,000 in equity from arms-length investors by issuing common shares of the Company at a minimum of \$.10 cents per common share.

## **17. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

These financial statements are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements are presented in Canadian dollars, which is JDFE's functional and reporting currency. The financial statements are prepared on a historical cost basis except for

financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

## **18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

JDFE's accounting policies are described in the Notes of the unaudited Financial Statements for JDFE as at October 31, 2014 which are published on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **19. RISKS AND UNCERTAINTIES**

JDFE's objectives are to safeguard JDFE's ability to continue as a going concern in order to support JDFE's normal operating requirements and to continue the development and exploration of its mineral properties.

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, we face a risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that we intend to undertake on our property and any additional properties that we may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by us in the exploration of our property may not result in the discovery of mineral deposits. Any expenditure that we may make in the exploration of any other mineral property that we may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of our exploration do not reveal viable commercial mineralization, we may decide to abandon our property interests.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that our exploration activities will result in the discovery of any quantities of mineral deposits on our current properties or any other additional properties we may acquire.

We intend to continue exploration on our current properties and we may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. We can provide investors with no assurance that exploration on our current properties, or any other property that we may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent us from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If we are unable to establish the presence of mineral deposits on our property, our ability to fund future exploration activities will be impeded, we will not be able to operate profitably and investors may lose all of their investment in our company.

The potential profitability of mineral ventures depends in part upon factors beyond our control and even if we discover and exploit mineral deposits, we may never become commercially viable and we may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond our control, including the existence and size of mineral deposits in the properties we explore, the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in us not receiving an adequate return on invested capital. These factors may have material and negative effects on our financial performance and our ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on us.

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent us from conducting planned activities or may increase our costs of doing so, which would have material adverse effects on our business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages that we may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect our ability to carry on our business.

Title to mineral properties is a complex process and we may suffer a material adverse effect in the event one or more of our property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. We cannot give an assurance that title to our property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that we do not have title to one or more of our properties could cause us to lose any rights to explore, develop and mine any minerals on that property, without compensation for our prior expenditures relating to such property.

Because our property interests may not contain mineral deposits and because we have never



made a profit from our operations, our securities are highly speculative and investors may lose all of their investment in our company.

Our securities must be considered highly speculative, generally because of the nature of our business and our stage of operations. We currently have exploration stage property interests which may not contain mineral deposits. We may or may not acquire additional interests in other mineral properties but we do not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, we have not generated significant revenues nor have we realized a profit from our operations to date and there is little likelihood that we will generate any revenues or realize any profits in the short term. Any profitability in the future from our business will be dependent upon locating and exploiting mineral deposits on our current properties or mineral deposits on any additional properties that we may acquire. The likelihood that any mineral properties that we may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. We may never discover mineral deposits in respect to our current properties or any other area, or we may do so and still not be commercially successful if we are unable to exploit those mineral deposits profitably.

As we face intense competition in the mineral exploration and exploitation industry, we will have to compete with our competitors for financing and for qualified managerial and technical employees.

Our competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than us. As a result of this competition, we may have to compete for financing and be unable to acquire financing on terms we consider acceptable. We may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If we are unable to successfully compete for financing or for qualified employees, our exploration programs may be slowed down or suspended, which may cause us to cease operations.

Our future is dependent upon our ability to obtain financing and if we do not obtain such financing, we may have to cease our exploration activities and investors could lose their entire investment.

There is no assurance that we will operate profitably or will generate positive cash flow in the future. We require additional financing in order to proceed with the exploration and development of our property. We will also require additional financing for the fees we must pay to maintain our status in relation to the rights to our properties and to pay the fees and expenses necessary to operate as a public company. We will also need more funds if the costs of the exploration of our mineral claims are greater than we anticipated. We will require additional financing to sustain our business operations if we are not successful in earning revenues. We will also need further financing if we decide to obtain additional mineral properties. We currently do not have any arrangements for further financing and we may not be able to obtain financing when required. Our future is dependent upon our ability to obtain financing. If we do not obtain such financing, our business could fail and investors could lose their entire investment.

Complying with environmental and other government regulations could be costly and could negatively impact our production.

Our business is governed by numerous laws and regulations at various levels of government. These laws and regulations govern the operation and maintenance of our facilities, the discharge of materials into the environment and other environmental protection issues. Such laws and regulations may, among other potential consequences, require that we acquire permits before commencing mining operations and restrict the substances that can be released into the environment.

Under these laws and regulations, we could be liable for personal injury, clean-up costs and other environmental and property damages, as well as administrative, civil and criminal penalties. Prior to commencement of mining operations, we may secure limited insurance coverage for sudden and accidental environmental damages as well as environmental damage that occurs over time. However, we do not believe that insurance coverage for the full potential liability of environmental damages is available at a reasonable cost. Accordingly, we could be liable, or could be required to cease production on properties, if environmental damage occurs.

The costs of complying with environmental laws and regulations in the future may harm our business. Furthermore, future changes in environmental laws and regulations could result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, any of which could have a material adverse effect on our financial condition or results of operations.

## **20. Risks Related to our Common Stock**

Because we do not intend to pay any cash dividends on our shares of common stock in the near future, our shareholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless we pay dividends, our shareholders will not be able to receive a return on their shares unless they sell them.

A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our ability to continue operations.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because a significant portion of our operations have been and will be financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our

operations. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. If our stock price declines, we can offer no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations.

The market price for our common stock may also be affected by our ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of our common stock.

## **21. GOVERNMENT REGULATION**

Although JDFE's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production, . Amendments to current laws and regulations governing mining and exploration activities or more stringent implementation thereof could have a substantial adverse impact on JDFE.

## **22. UNINSURED RISKS**

JDFE may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as JDFE heavily relies on JDFE officers.

## **23. CONFLICTS OF INTEREST**

Certain directors of JDFE also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving JDFE will be made in accordance with their duties and obligations to deal fairly and in good faith with JDFE and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

## **24. NEGATIVE OPERATING CASH FLOWS**

As JDFE is at the early stage of exploration it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, JDFE may continue to have negative operating cash flows until it is able to commence the extraction and sale of precious metals.

## **25. RELIANCE ON KEY PERSONNEL AND ADVISORS**

JDFE relies on its officers and directors for administration of JDFE's affairs. The loss of their services may have a material adverse effect on the business of JDFE. There can be no assurance that one or all of the employees of, and contractors engaged by JDFE will continue in the employ of, or in a consulting capacity to JDFE or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, JDFE who have access to confidential information will not disclose the confidential information.

## **26. OPERATING HISTORY AND EXPECTED LOSSES**

JDFE expects to make significant investments in its resource properties, through its Subsidiary JDFR, in order to explore and find commercial viable mineral deposits. As a result start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of JDFE.

## **27. FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

During the period ended December 20, 2014 there has been no significant change in JDFE's internal controls over financial reporting since the date of the Unaudited Financial Statements for the three month interim reporting period ended October 31, 2014.

The management of JDFE is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and in JDFE's Unaudited Financial Statements for the three month interim reporting period ended October 31, 2014.

Information required in the following section of National Instrument 51-102, if applicable:

a. **Section 5.3 – Additional Disclosure for Venture Issuers without Significant Revenue**

An analysis of material components of the Company's general and administrative expenses is disclosed in the Company Unaudited Financial Statements for the three month reporting period ended October 31, 2014 to which this MD&A relates.

b. **Section 5.4 – Disclosure of Outstanding Share Data – refer to Clause 14.**

- c. Section 5.7 – Additional Disclosure for Reporting Issuers with Significant Equity Investees.

Not applicable.

- d. Disclosure required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

Not applicable.

## **28. OFFICERS AND DIRECTORS**

Randy Schuler	CEO, CFO and Director
Derick Sinclair	Director and Chair of the Audit Committee
Gurdeep Johal	Director

## **29. CONTACT ADDRESS**

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