



**JDE EXPLORATIONS INC**  
**FINANCIAL STATEMENTS**  
**30 April 2017**  
*(Expressed in Canadian Dollars)*

# JAMES STAFFORD

## INDEPENDENT AUDITOR'S REPORT

**James Stafford, Inc.**  
**Chartered Professional Accountants**  
Suite 350 – 1111 Melville Street  
Vancouver, British Columbia  
Canada V6E 3V6  
Telephone +1 604 669 0711  
Facsimile +1 604 669 0754  
www.JamesStafford.ca

### To the Shareholders of JDF Explorations Inc.

We have audited the accompanying financial statements of JDF Explorations Inc. which comprise the statements of financial position as at 30 April 2017 and 2016 and the statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of JDF Explorations Inc. as at 30 April 2017 and 2016 and the results of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of JDF Explorations Inc. to continue as a going concern.



**Chartered Professional Accountants**

Vancouver, Canada  
1 September 2017

**JDF Explorations Inc.**  
**Statements of Financial Position**  
(Expressed in Canadian dollars)

	Notes	As at 30 April 2017 \$	As at 30 April 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	125,914	204,988
Other receivables	6	4,599	2,354
Prepaid expense		5,654	1,489
<b>Total assets</b>		<b>136,167</b>	208,831
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	10,525	17,593
<b>Total liabilities</b>		<b>10,525</b>	17,593
<b>Equity</b>			
Common shares	9	371,736	371,736
Contributed surplus		264,314	264,314
Deficit		(510,408)	(444,812)
<b>Total equity</b>		<b>125,642</b>	191,238
<b>Total equity and liabilities</b>		<b>136,167</b>	208,831

**Nature of Operations and Going Concern** (Note 1), **Contingencies** (Note 16) and **Subsequent Events** (Note 18)

**APPROVED BY THE BOARD:**

*“Ravinder Pannu”*

Director

*“Gurpreet Johal”*

Director

The accompanying notes are an integral part of these financial statements.

**JDF Explorations Inc.**  
**Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars)

	Notes	Year Ended 30 April 2017 \$	Year Ended 30 April 2016 \$
<b>Expenses</b>			
Bank service charges		233	340
Consulting	14	2,522	4,488
Insurance		10,606	7,295
Meals and entertainment		2,796	2,247
Office and miscellaneous		2,154	2,163
Professional fees	14	31,150	41,416
Transfer agent and listing fees	4	13,286	32,710
Travel		1,184	19,698
Loss before other items		(63,931)	(110,357)
<b>Other items</b>			
Impairment of mineral properties	7	(1,665)	(257,823)
Net loss before income taxes		(65,596)	(368,180)
Income taxes recovery		-	1,146
<b>Net loss and comprehensive loss</b>		<b>(65,596)</b>	<b>(367,034)</b>
<b>Loss and comprehensive loss per share</b>			
Basic	11	(0.002)	(0.011)
Diluted	11	(0.002)	(0.011)

The accompanying notes are an integral part of these financial statements.

# JDF Explorations Inc.

## Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Year Ended 30 April 2017 \$	Year Ended 30 April 2016 \$
<b>OPERATING ACTIVITIES</b>			
Net loss		(65,596)	(367,034)
Operating cash flows before movements in working capital			
Adjustments for:			
Listing expense	4	-	7,985
Income tax recovery		-	(1,146)
Impairment of mineral properties	7	1,665	257,823
Net identifiable assets transferred in reverse acquisition	4	-	7,015
Movements in working capital:			
(Increase) decrease in prepaid expense		(4,165)	26
(Increase) decrease in trade and other receivables		(2,245)	49,476
Increase (decrease) in trade and other payables		(7,068)	12,100
<b>Cash from (used in) operating activities</b>		<b>(77,409)</b>	<b>(33,755)</b>
<b>INVESTING ACTIVITIES</b>			
Exploration and evaluation expenditures		(1,665)	(4,477)
<b>Cash used in investing activities</b>		<b>(1,665)</b>	<b>(4,477)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(79,074)</b>	<b>(38,232)</b>
Cash and cash equivalents, beginning of year		204,988	243,220
<b>Cash and cash equivalents, end of year</b>		<b>125,914</b>	<b>204,988</b>

### Supplemental Cash Flow Information (Note 15)

The accompanying notes are an integral part of these financial statements.

**JDF Explorations Inc.**  
**Statements of Changes in Equity**  
**For the years ended 30 April 2017 and 2016**  
(Expressed in Canadian dollars)

	Number of shares	Common shares \$	Warrant reserve \$	Contributed surplus \$	Deficit \$	Total \$
Balances, 30 April 2015	38,552,500	356,736	218,864	45,450	(77,778)	543,272
Shares issued for:						
Reverse acquisition (Notes 4 and 9)	750,000	15,000	-	-	-	15,000
Arrangement (Note 9)	1,010,549	-	-	-	-	-
Cancellation of warrants (Note 9)	-	-	(218,864)	218,864	-	-
Net loss for the year	-	-	-	-	(367,034)	(367,034)
Balances, 30 April 2016	40,313,049	371,736	-	264,314	(444,812)	191,238
Net loss for the year	-	-	-	-	(65,596)	(65,596)
<b>Balances, 30 April 2017</b>	<b>40,313,049</b>	<b>371,736</b>	<b>-</b>	<b>264,314</b>	<b>(510,408)</b>	<b>125,642</b>

The accompanying notes are an integral part of these financial statements.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### **1. CORPORATE INFORMATION & GOING CONCERN**

JDF Explorations Inc. (“JDF” or the “Company”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold, precious metals and base metal properties. JDF was incorporated on 9 May 2014 under the name of 1001875 B.C. Ltd. On 14 August 2014, JDF changed its name to JDF Explorations Inc.

The head office, principal address and registered and records office of the Company is located at 600 – 666 Burrard Street, Vancouver, BC, Canada, V6C 3P6.

On 8 August 2014, the Company established a wholly owned subsidiary, 1010309 B.C. Ltd. (the “Subsidiary”).

Juan De Fuca Resources Corp. (“Juan”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold, precious metals and base metal properties.

On 11 May 2015, JDF and Juan completed a share exchange (the “Share Exchange”) as part of a three-corner amalgamation between JDF, Juan and the Subsidiary for the purposes of listing with a Canadian stock exchange (the “Amalgamation”). Pursuant to the Share Exchange, JDF acquired all of the issued and outstanding common shares of Juan, whereby former Juan shareholders received one common share of JDF for each Juan common share held.

Upon closing of the Share Exchange, the shareholders of Juan owned 98% of the issued and outstanding common shares of JDF and, as a result, the Share Exchange is considered a reverse acquisition of JDF by Juan, where Juan is considered the acquirer and JDF is the acquiree for accounting purposes.

On 21 May 2015, Juan and the Subsidiary amalgamated and the amalgamated company became a wholly-owned subsidiary of JDF. The outstanding common share purchase warrants of Juan were all cancelled (Note 4).

On 31 October 2016, JDF and Juan amalgamated and the amalgamated company retained JDF Explorations Inc. as its name. The outstanding common shares of Juan held by JDF were cancelled without any repayment of capital.

As a result of the above events, these financial statements are a continuation of the financial statements of Juan and references to the “Company” refer to the combined entity subsequent to the date of the Share Exchange and to Juan prior to that date.

#### **Going concern**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

Several conditions cast significant doubt on the validity of this assumption and ultimately the appropriateness of the use of accounting principles related to a going concern. From inception to date, the Company has incurred losses from operations, earned no revenues and has experienced negative cash flows from operating activities. As at 30 April 2017, the Company had cash and cash equivalents of \$125,914 (2016 - \$204,998) and working capital at 30 April 2017 was \$125,642 (2016 - \$191,238). Existing funds on hand at 30 April 2017 will not be sufficient to support the Company's needs for cash to conduct exploration and to continue operations during the current year. The Company will require additional funding to be able to meet ongoing requirements for general operations and to advance and retain mineral exploration and evaluation property interests. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or the disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, exploration and capital requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to the management of the Company.

If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to further curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures including ceasing operations.

## **2. BASIS OF PREPARATION**

### **a. Basis of consolidation**

On 31 October 2016, the wholly-owned subsidiary, Juan, was vertically amalgamated with JDF. Prior to this date, the consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control is obtained to the date control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

### **b. Basis of presentation**

The Company's financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 13, and are presented in Canadian dollars except where otherwise indicated.

### **c. Statement of compliance**

The financial statements of the Company and its subsidiaries, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with IFRS and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").



# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### d. Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised IAS, IFRS, amendments and related IFRIC, which are effective for the Company financial year beginning on 1 May 2016. The Company has adopted all the following new standards relevant to the Company for the year ended 30 April 2017.

- IFRS 7 *Financial Instruments: disclosures*, clarifies the definition for continuing involvement in a transferred financial asset. The amendments are effective for annual periods beginning on or after 1 January 2016.
- IFRS 10 *Consolidated financial statements*, clarifies the conditions for a parent to present consolidated financial statements and for investment entities, and treatment for loss of control of a subsidiary that does not contain a business. The amendments are effective for annual periods beginning on or after 1 January 2016.
- IAS 1 *Presentation of Financial Statements* is an amendment to clarify certain aspects focused on the areas of clarification of concept of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and providing of additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendment is applicable to annual periods beginning on or after 1 January 2016.

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 30 April 2017:

- IFRS 2 *Share-Based Payment* issued in June 2016, is amended to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a “net settlement” for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The effective date for IFRS 2 is for annual periods beginning on or after 1 January 2018.
- IFRS 9, *Financial Instruments*: The IASB has undertaken a three-phase project to replace IAS 39 *Financial Instruments: Recognition and Measurement* with IFRS 9 *Financial Instruments*. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. In July 2014, the IASB issued the final elements of IFRS 9. IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:
  - Financial assets meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
  - Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss
  - All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

- The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the “business model” test and “cash flow characteristics” test.
- The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2018.

- IAS 7 ‘*Statement of Cash Flows*’ is an amendment to clarify and improve information provided to users of financial statements about an entity’s financing activities. The amendment is applicable for annual periods beginning on or after 1 January 2017.
- IAS 12 ‘*Income Taxes*’ is an amendment to clarify criteria used to assess whether future taxable profits can be utilized against deductible temporary differences. The amendment is applicable to annual periods beginning on or after 1 January 2017.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Significant accounting judgments, estimates and assumptions**

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the binomial valuation model to determine the fair value of warrants issued.

These financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions (Note 1).

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

### **Exploration and evaluation properties**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time, they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### **Decommissioning, restoration and similar liabilities**

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### **Share-based payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payments reserve.

The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

### **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at FVTPL*

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents and share purchase warrants held in other companies are included in this category of financial assets.

#### *Held-to-maturity and loans and receivables*

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are classified as loans and receivables.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### *Available-for-sale*

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset. Available-for-sale assets include short term investments in equities of other entities.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

### *Derivatives designated as hedging instruments in an effective hedge*

The Company does not hold or have any exposure to derivative instruments.

### **Financial liabilities**

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

#### *Financial liabilities at FVTPL*

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

#### *Financial liabilities measured at amortized cost*

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables and due to related parties are included in this category of financial liabilities.

### *Derivatives designated as hedging instruments in an effective hedge*

The Company does not hold or have any exposure to derivative instruments.

### **Impairment of financial assets**

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### *Assets carried at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

### *Available-for-sale*

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

### **De-recognition of financial assets and liabilities**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### **Impairment of non-financial assets**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

### **Flow-through shares**

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through share premium liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

### **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### **Taxation**

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.



# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### 4. REVERSE ACQUISITION

Pursuant to the Share Exchange on 11 May 2015, JDF acquired all of the issued and outstanding common shares of Juan whereby former Juan shareholders received one common share of JDF for each Juan common share held. The outstanding common share purchase warrants of Juan were all cancelled on 21 May 2015.

As a result of the Share Exchange, the shareholders of Juan owned approximately 98% of the issued and outstanding common shares of JDF. For accounting and reporting purposes, Juan is the accounting acquirer and JDF is the accounting acquiree because of the significant holdings and influence of the control group of Juan before and after the Share Exchange. The reverse acquisition has been accounted for as share-based payment transaction on the basis that JDF did not meet the definition of a business because JDF is a shell based company whose activities were limited to the acquisition and maintenance of its reporting issuer status which did not constitute a business. As a result, the difference between the fair value of the consideration deemed to have been paid by the accounting acquirer and the fair value of the identifiable net assets of the accounting acquiree is expensed.

The results of operations of JDF are included in the financial statements from 11 May 2015, the date of the reverse acquisition.

The net assets acquired at fair value on 11 May 2015 are as follows:

<b>Consideration paid</b>	
750,000 common shares	\$ 15,000
<b>Less: Value of net assets</b>	
Cash	64,956
Trade and other payables	(57,941)
	<hr/>
	7,015
	<hr/>
<b>Listing expense</b>	\$ 7,985

### 5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currency:

As at 30 April	2017	2016
	\$	\$
Denominated in Canadian dollars	<b>125,914</b>	204,988
<b>Total cash and cash equivalents</b>	<b>125,914</b>	204,988

# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

### 6. OTHER RECEIVABLES

The Company's other receivables arise from Goods and Services Tax ("GST") receivable due from the government taxation authorities, as follows:

As at 30 April	2017	2016
	\$	\$
<b>GST receivable</b>	<b>4,599</b>	<b>2,354</b>

### 7. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the years ended 30 April 2017 and 2016 are as follows:

	Blue Hawk	Spod	Total
	\$	\$	\$
<b>ACQUISITION COSTS</b>			
Balance, 30 April 2016	-	-	-
<b>Balance, 30 April 2017</b>	-	-	-
<b>EXPLORATION AND EVALUATION COSTS</b>			
Balance, 30 April 2016	-	-	-
Geological and field expenses	<b>1,665</b>	-	<b>1,665</b>
Impairment	<b>(1,665)</b>	-	<b>(1,665)</b>
<b>Balance, 30 April 2017</b>	-	-	-
<b>Total Costs</b>	-	-	-

	Blue Hawk	Spod	Total
	\$	\$	\$
<b>ACQUISITION COSTS</b>			
Balance, 30 April 2015	90,000	90,000	180,000
Impairment	(90,000)	(90,000)	(180,000)
Balance, 30 April 2016	-	-	-
<b>EXPLORATION AND EVALUATION COSTS</b>			
Balance, 30 April 2015	-	73,346	73,346
Geological and field expenses	4,477	-	4,477
Impairment	(4,477)	(73,346)	(77,823)
Balance, 30 April 2016	-	-	-
<b>Total Costs</b>	-	-	-

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### **Blue Hawk, British Columbia**

On 2 November 2012, the Company entered into an option agreement (the “Blue Hawk Option Agreement”) with Syon Investments Limited (“Syon”) whereby the Company had the option to purchase all of the interest to certain claims located in British Columbia (the “Blue Hawk Claims”) for a payment of \$50,000 due on 31 August 2013. The Company would also pay to Syon \$250,000 or issue to Syon an equivalent market value in common shares of the Company on or before 1 June 2017. Upon completion of the terms, Syon is to transfer the titles of the Blue Hawk Claims to the Company.

### **Spod, British Columbia**

On 15 July 2012, the Company entered into an option agreement (the “Spod Option Agreement”) with Syon whereby the Company had the option to purchase 100% of the interest to certain claims located in British Columbia (the “Spod Claims”) for a cash payment of \$350,000 (or an equivalent market value in common shares of the Company) on or before 1 June 2017. The Company would also incur a minimum of \$800,000 in expenditures on or before 1 June 2017. Upon completion of the terms, Syon is to transfer the titles of the Spod Claims to the Company.

During the year ended 30 April 2015, the Company and Syon entered into a purchase agreement (the “Purchase Agreement”), which replaced the Blue Hawk Option Agreement and Spod Option Agreement whereby the Company could purchase the Blue Hawk Claims and the Spod Claims for a payment of \$150,000 and the issuance of 1,500,000 common shares of the Company on or before 30 June 2014. The Company issued the common shares, valued at \$30,000 or \$0.02 per common share (Note 9) and made the payment on 18 June 2014 and 19 June 2014, respectively. Syon transferred the titles to the Blue Hawk and Spod Claims to the Company on 20 June 2014. During the year ended 30 April 2017, the Company abandoned the Spod property.

During the year ended 30 April 2017, due to prevailing junior resource market conditions and the uncertainty associated with the Company’s ability to exploit any future economic benefits from the property, the Company recorded an impairment of \$1,665 (2016 - \$94,477) with respect to the Blue Hawk Property and \$Nil (2016 - \$163,346) related to the Spod Property.

## **8. TRADE AND OTHER PAYABLES**

Trade payables and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

Included in trade and other payables as at 30 April 2017 is \$Nil (2016 - \$2,100) due to related parties (Note 14). The amounts are unsecured, interest free and have no fixed terms of repayment.

## **9. SHARE CAPITAL**

### **Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value. As at 30 April 2017, the Company had 40,313,049 common shares outstanding (2016 - 40,313,049).

# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### Shares issuances

During the years ended 30 April 2017 and 2016, the Company issued common shares as follows:

1. On 11 May 2015, the former shareholders of Juan received one common share of the Company for each common share of Juan held pursuant to the Share Exchange (Note 4).
2. On 11 May 2015, the Company issued 1,010,549 common shares valued at \$Nil to the shareholders of Auxellence Health Corporation pursuant to a plan of arrangement dated 12 May 2014 between JDF and Auxellence Health Corporation.

### Shares in escrow

During the year ended 30 April 2017, 1,950,000 (2016: 5,625,000) of the Company's common shares were released from escrow. As at 30 April 2017, a total of 2,925,000 (2016: 4,875,000) of the Company's common shares remained in escrow. These shares have been excluded from the calculation of the weighted number of common shares outstanding (Note 11).

### Share purchase warrants

No share purchase warrants were issued or exercised during the year ended 30 April 2017 and 2016.

On 21 May 2015, all of the share purchase warrants of Juan were cancelled pursuant to the Amalgamation (Note 1).

The following is a summary of the changes in the Company's share purchase warrants for the year ended 30 April 2017 and 2016:

	For the year ended 30 April 2017		For the year ended 30 April 2016	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of period	-	-	17,802,500	0.07
Granted	-	-	-	-
Cancelled	-	-	(17,802,500)	0.07
Expired	-	-	-	-
<b>Outstanding, end of period</b>	-	-	-	-

# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

### 10. TAXES

#### Provision for income taxes

	For the year ended 30 April 2017 \$	For the year ended 30 April 2016 \$
Loss before tax	(65,596)	(368,180)
Statutory tax rate	26.00%	26.00%
Expected tax recovery	(17,055)	(95,726)
Non-deductible items	363	2,368
Change in future tax liability	-	1,146
Change in prior year provision to actual	(17,675)	-
Change in valuation allowance	34,367	92,212
<b>Tax recovery for the year</b>	-	-

#### Deferred tax balances

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

As at 30 April	2017 \$	2016 \$
Tax loss carry-forwards	77,988	44,054
Exploration and evaluation properties	48,591	48,158
	126,579	92,212
Valuation allowance	(126,579)	(92,212)
<b>Deferred tax assets (liabilities)</b>	-	-

# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

### Expiry dates

The Company's recognized and unrecognized deferred tax assets related to unused tax losses have the following expiry dates:

As at 30 April	2017 \$
<b>Non-capital losses</b>	
2033	8,727
2034	21,960
2035	105,485
2036	101,248
2037	62,534
<b>Total non-capital losses</b>	<b>299,954</b>
<b>Total resource-related deduction, no expiry</b>	<b>186,888</b>

### 11. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Year Ended 30 April 2017 \$	Year Ended 30 April 2016 \$
Net loss for the period	(65,596)	(367,034)
Weighted average number of shares – basic and diluted	36,284,478	32,864,364
<b>Loss per share, basic and diluted</b>	<b>(0.002)</b>	<b>(0.011)</b>

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year (Note 9). The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the year, if dilutive.

# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

### 12. CAPITAL RISK MANAGEMENT

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

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

As 30 April 2017, the Company's capital structure consists of the equity of the Company (Note 9). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

As at 30 April 2017, the Company's available capital resources, consisting of cash and cash equivalents, total \$125,914 (2016 - \$204,988). As at 30 April, 2017, the Company's total current liabilities are \$10,525 (2016 - \$17,593). The Company believes that sufficient capital resources are available to support further exploration and development of its mineral properties.

### 13. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

As at	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
<b>FVTPL, at fair value</b>		
Cash and cash equivalents	125,914	204,988
<b>Receivable, at amortized cost</b>		
Other receivables	-	-
<b>Total financial assets</b>	<b>125,914</b>	204,988
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade and other payables	525	2,100
<b>Total financial liabilities</b>	<b>525</b>	2,100

# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

### Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly. As at 30 April 2017 and 2016, the Company does not have any Level 2 financial instruments.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at 30 April 2017 and 2016, the Company does not have any Level 3 financial instruments.

As at 30 April 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value</b>				
Cash and cash equivalents	125,914	-	-	125,914
<b>Total financial assets at fair value</b>	<b>125,914</b>	<b>-</b>	<b>-</b>	<b>125,914</b>

As at 30 April 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value</b>				
Cash and cash equivalents	204,988	-	-	204,988
<b>Total financial assets at fair value</b>	<b>204,988</b>	<b>-</b>	<b>-</b>	<b>204,988</b>

There were no transfers between Level 1, 2 and 3 in the years ended 30 April 2017 or 2016.

### Management of financial risks

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash.



# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote. The Company is not exposed to significant credit risk.

### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at 30 April 2017, the Company had cash of \$125,914 (2016 - \$204,988) to settle trade payables totaling \$525 (2016 - \$17,593). All of the Company's financial liabilities have contractual maturities of 30 days and are subject to normal trade terms.

### Foreign exchange risk

The Company does not have significant foreign exchange risk as the majority of its transactions are in Canadian dollars.

### Interest rate risk

The Company is not exposed to significant interest rate risk.

## 14. RELATED PARTY TRANSACTIONS

### Related party expenses

The Company's related party expenses are allocated as follows:

	Year ended 30 April	
	2017 \$	2016 \$
Professional fees	12,000	4,000
Consulting fees	1,034	-
<b>Total related party expenses</b>	<b>13,034</b>	<b>4,000</b>

# JDF Explorations Inc.

## Notes to the Financial Statements

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

The allocation of the expenses among the different related parties is as follows:

	Year ended 30 April	
	2017 \$	2016 \$
Company controlled by Chief Financial Officer (“CFO”)	12,000	4,000
Company controlled by Corporate Secretary	1,034	-
<b>Total related party expenses</b>	<b>13,034</b>	<b>4,000</b>

### Due from/to related parties

As at	30 April 2017 \$	30 April 2016 \$
Company controlled by CFO	-	2,100
<b>Total amounts due to related parties (Note 8)</b>	<b>-</b>	<b>2,100</b>

### Key management personnel compensation

	Year ended 30 April	
	2017 \$	2016 \$
Short-term benefits	13,034	4,000
<b>Total key management personnel compensation</b>	<b>13,034</b>	<b>4,000</b>

## 15. SUPPLEMENTAL CASH FLOW INFORMATION

The Company made no cash payments for interest and income taxes for the years ended 30 April 2017 and 2016.

## 16. CONTINGENCIES

As at 30 April 2017, the Company had the following contingent liabilities:

- a) The Company has indemnified the subscribers of flow-through shares of the Company issued in prior years against any tax related amounts that may become payable as a result of the Company not making eligible expenditures.

# **JDF Explorations Inc.**

## **Notes to the Financial Statements**

For the years ended 30 April 2017 and 2016

(Expressed in Canadian dollars)

---

- b) The Company's exploration and evaluation activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the government. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
  
- c) As at 30 April 2017, the Company owns various exploration and evaluation properties (Note 7). Management does not consider that any amounts related to decommissioning liabilities are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these obligations in the future.

### **17. SEGMENTED INFORMATION**

The Company conducts its business as a single operating segment being the mining business in Canada. All exploration and evaluation properties are situated in Canada.

### **18. SUBSEQUENT EVENTS**

There are no reportable events subsequent to the year ended 30 April 2017.

### **19. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements of the Company for the year ended 30 April 2017 were approved and authorized for issue by the Board of Directors on 1 September 2017.