



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

**Six months ending October 31, 2019**

### **DATE**

The following Management Discussion & Analysis ("MD&A") has been prepared as at December 27, 2019, 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. ("JDF" or the "Company") for the six months ending October 31, 2019. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are posted on the SEDAR website (see [www.sedar.com](http://www.sedar.com)). The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and is listed on the Canadian Stock Exchange trading symbol JDF.

### **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, JDF 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 JDF 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 JDF is available by accessing the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **OVERVIEW AND INTRODUCTORY COMMENT**

JDF Explorations Inc. (“JDF” or the “Company”) purchased the Blue Hawk Claims in June 2014. The Company earned a 100% interest in the Blue Hawk property, which consists of the Blue Hawk claims located near Kelowna, British Columbia in 2015. The Company chose to make a payment to the Minister of Finance, in lieu of completing exploration and development work on the property, while assessing the potential of future economic benefits on its Blue Hawk property against other available properties. The Blue Hawk property claims remain in good standing.

## **MAJOR INTERIM PERIOD OPERATING MILESTONES**

The Company’s management continues to evaluate its Blue Hawk Property and pursue other opportunities being presented to them. At this time the Company is reevaluating its exploration plans for its Blue Hawk property and considering other available properties and has not finalized any commitments related to Blue Hawk or the other opportunities.

The Company has signed a non-binding Letter of Intent with 2028685 AB Limited (the Vendor) on the Cortez East property. This project consists of 38 mineral claims in Eureka County Nevada.

JDF and the Vendor have agreed to negotiate on an exclusive basis.

The Cortez East prospect is located in north-central Nevada about 60 kms southwest of Carlin Nevada. The prospect sits just 12 kms east of Barrick’s new gold discovery at Gold Rush.

Negotiations are ongoing and the company hopes to sign a definitive letter of intent once all terms are agreed upon in the next 30 days or sooner.

The Company has signed a non-binding LOI with Talent Metals Mineração Ltda, a privately held Brazilian Corporation (the “Vendor”) to acquire an option to purchase up to a 100% undivided interest (subject to the Existing 2% NSR royalty) in and to the Option Property known as Gold Hills.

The property straddles the border between Pernambuco and Paraíba states, northeastern Brazil and is comprised of four contiguous concessions totaling 3,499.6 ha.

Gold mineralization on the property is reported to extend 13.5 km along strike, and was the target of previous exploration work by the Brazilian geological survey (CPRM) and significant historical artisanal mine workings, as reported in a 43-101 technical report by SRK Consulting (U.S.) Inc., in 2011 provided by the Vendor.

The company is currently finalizing terms and hope to sign a definitive letter of intent in the next 30 days or sooner.

## **INTERIM PERIOD FINANCIAL CONDITION**

### **CAPITAL RESOURCES**

During the Six Months ended October 31, 2019 the Company did not issue any shares. During the year ended April 30, 2019 the Company issued 2,500,000 common shares at \$0.02 per share. In October 2019 the Company announced and closed a non-brokered private placement financing of 835,000 units of the Company at a price of \$0.30 per Unit for gross proceeds of \$250,500. Each Unit consists of one common share of the Company and one common share purchase warrant entitling the holder to acquire a Common Share at a price of \$0.40 for a period of five years from the date of issuance. The funds were received and the shares were delivered to the investor after October 31, 2019.

Existing funds on hand will not be sufficient to support the Company’s needs for cash to conduct exploration and to continue operations throughout year-end April 30, 2020 without additional funding.

## Liquidity and Capital Resources

As at October 31, 2019 the Company had \$121 (April 30, 2019 - \$38,809) in cash and a working capital deficit of \$38,246 (April 30, 2019 - \$29,899). Existing funds on hand will not be sufficient to support the Company's needs for cash to conduct exploration and to continue operations throughout year-end April 30, 2020. The Company will require additional funding to be able to meet ongoing requirements for general operations, to advance and retain mineral exploration and evaluation property interests and to acquire new properties. The Company will continue to consider all sources of financing reasonably available to it, including, equity, debt, and the sale of assets or parts of assets, including mineral properties. There can be no assurance of continued access to finance in the future and an inability to secure financing may require the Company to reduce or defer exploration and development activities.

Results for each of the last eight quarters are set out in the table below:

|                  |           | Cash       | Total<br>Assets | Mineral<br>Properties | Total<br>Liabilities | Net Income<br>(Loss) | Net Income<br>(Loss) per<br>share |
|------------------|-----------|------------|-----------------|-----------------------|----------------------|----------------------|-----------------------------------|
| 31-Jan-18        | Q3        | 69,344     | 81,505          | -                     | -                    | (10,427)             | (0.000)                           |
| 30-Apr-18        | Q4        | 46,472     | 58,165          | -                     | (11,000)             | (34,340)             | (0.001)                           |
| 31-Jul-18        | Q1        | 44,285     | 47,612          | -                     | (16,103)             | (15,656)             | (0.000)                           |
| 31-Oct-18        | Q2        | 15,982     | 17,480          | -                     | (373)                | (14,402)             | (0.000)                           |
| 31-Jan-19        | Q3        | 48,181     | 55,350          | -                     | (264)                | (26,423)             | (0.001)                           |
| 30-Apr-19        | Q4        | 38,809     | 43,019          | -                     | (13,120)             | (10,785)             | (0.000)                           |
| 31-Jul-19        | Q1        | 22,028     | 27,353          | -                     | (13,333)             | (10,785)             | (0.000)                           |
| <b>31-Oct-19</b> | <b>Q1</b> | <b>121</b> | <b>10,130</b>   | <b>-</b>              | <b>(48,376)</b>      | <b>(10,785)</b>      | <b>(0.000)</b>                    |

## Comparison of results of Operations, for the six months ended October 31, 2019 and October 31, 2018.

For the six months ended October 31, 2019, the Company incurred a net loss of \$118,145 (October 31, 2018 - \$30,058), an unfavourable variance of \$88,087. Explanations for the unfavourable variance are:

- Professional fees of \$55,686 (2018 - \$10,511), an unfavorable variance of \$45,175 primarily due to new appointments and increased activity.
- Consulting services of \$38,745 (2018 - \$2,838) an unfavorable variance of \$35,907 due to new appointments and increased activity.
- Website costs of \$6,217 (2018 - \$Nil) the company upgraded its website during the second quarter.
- Transfer agent and listing fees of \$9,200 (October 31, 2018 - \$7,479), an unfavorable variance of \$1,721 primarily due to lower listing fees and lower transfer agent administrative fees.
- Office, miscellaneous and other administrative costs of \$606 (2018 - Credit \$24) an unfavorable variance of \$630 due to increased activity and a credit adjustment in 2018 of \$57.
- Insurance costs \$3,799 (October 31, 2018 - \$3,471) an unfavourable variance of \$328 due to an increase in the annual premium over last year.

Partly offset by:

- Travel and promotion costs of \$2,561 (October 31, 2018 - \$4,452) a favourable variance of \$1,891 primarily due to reduced travel.

## EXPLORATION AND EVALUATION PROPERTIES

During the Six Months ended October 31, 2019, the Company chose to make a payment to the Minister of Finance, in lieu of completing exploration and development work on the Blue Hawk property, while assessing the potential of future economic benefits on its Blue Hawk property against other available properties. The Blue Hawk property claims remain in good standing.

## RELATED PARTY TRANSACTIONS

Key management personnel are the Directors and Officers of the Company. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These transactions are in the normal course of operations and are measured at their exchange

amount, which is the amount agreed upon by the transacting parties.

#### **DUE TO RELATED PARTIES**

The following table summarizes the amounts owed to related parties at August 31, 2019 and April 30, 2019:

|                                      | <b>October 31, 2019</b> | April 30, 2019 |
|--------------------------------------|-------------------------|----------------|
|                                      | \$                      | \$             |
| Chief Executive Officer and Director | 16,800                  | -              |
| Chief Financial Officer and Director | 11,025                  | -              |
| Director                             | 13,600                  | -              |
|                                      | <b>41,425</b>           | -              |

#### **KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel compensation for the year ended October 31, 2019 and 2018 are summarized as follows:

|  | <b>October 31, 2019</b> | April 30, 2019 |
|--|-------------------------|----------------|
|  | \$                      | \$             |
| <b>Loan from a Director of the Company</b> | 1,000                   | -              |
| <b>Consulting services</b>                 |                         |                |
| Chief Executive Officer                    | 24,000                  | -              |
| Chief Financial Officer                    | 18,000                  | 4,500          |
| Director consulting fees                   | 18,000                  | -              |
|  | <b>61,000</b>           | 4,500          |

#### **COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES**

The Company has satisfied all its commitments pursuant to its exploration and evaluation property agreements as detailed in note 5 of the October 31, 2019 interim financial statements filed in conjunction with this MD&A.

#### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The Company has authorized an unlimited number of common shares with no par value. As at the period ended October 31, 2019, the Company had 45,314,715 (April 30, 2019 – 42,813,049) common shares outstanding. The Company has no outstanding stock options (April 30, 2019 - Nil) and 835,000 (April 30, 2019 – Nil) share purchase warrants outstanding at an exercise price of \$0.40 until October 25, 2024.

#### **CAUTIONARY STATEMENTS**

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

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