fjordland EXPLORATION INC.

ANNUAL REPORT 2013

www.fjordlandex.com

fjordland EXPLORATION INC.

To Fellow Shareholders:

The past year has been another challenging one for the mining industry and the entire investment community, despite most metal prices remaining at or near 10-year averages throughout 2013, particularly gold and copper, the primary commodities of importance to Fjordland. The long-term fundamentals for these metals remain strong due largely to continued high economic growth in China and India. Fjordland has been working hard to meet the challenges which face our industry. During 2013 we did not seek any new financing; rather we carried out limited field programs using monies made available through our Joint Venture partners, or provided by third parties conducting property examinations. We have maintained our large portfolio of gold-copper properties, and are truly well positioned for discovery and growth!

Our focus continues on the discovery of copper-gold-molybdenum porphyry-type deposits in British Columbia. Our portfolio currently includes 18 properties located in some of the most geological prospective areas of central British Columbia, with the additional benefit of easy road access and situated in mining-friendly environments.

On April 3, 2013, Fjordland signed a Letter of Intent and Preliminary Agreement with Sumac Mines Ltd. (a 100% subsidiary of Sumitomo Metal Mining America Inc. of Japan) on the “Dillard” property, including a strategic alliance within a 20-km area of interest. Sumac may earn a 51% interest in the Project by making aggregate expenditures of $3.5 million over a three year period. Following Sumac completing the required earn-in expenditures and exercising their option, a joint venture for the Project will be formed.

During 2013, 2600 m of drilling in 6 holes were completed on the Dillard Property. Most of the drilling tested areas outside of known mineralization. During 2014, 2,500 metres of drilling and 2,000 metres of trenching will be conducted near areas of either known mineralization or untested anomalies. With its commodity expertise, financial resources and technical skills, we look forward to another very active exploration season with Sumac during 2014 in advancing the Dillard Project.

On January 17, 2012, Fjordland reported encountering copper-gold mineralization in four widely-space diamond drill holes on its Tak (Moffat) Property, which adjoins the rapidly expanding Woodjam copper-gold-molybdenum Property to the south. During June 2012, Joint Venture partner Capstone completed a four-hole diamond drilling program on the Tak (Tisdall) Property. In early September, after spending a total of approximately $1.2 million over the past two years, Capstone elected not to proceed with the option; Fjordland now owns a 100% interest in six properties comprising the Tak Project. We are currently looking for a Joint Venture partner for this Project.

During 2012, Fjordland again elected not to participate in funding our proportionate share of the QUEST Joint Venture (with Serengeti Resources Inc.), in order to preserve capital and minimize share dilution. Eight porphyry properties, located between the Mount Polley and Mt. Milligan mines, are currently in the JV. Fjordland’s interest has been diluted to 34.8%; we maintain the right to participate in any future work in the QUEST project.
Over the winter of 2011 and during 2012, Xstrata Copper Canada, under an option agreement, completed infill and expanded induced polarization surveys on six of the original QUEST JV properties. Xstrata terminated the option in 2013.. We are currently looking for a Joint Venture partner for some or all of the properties.

On February 28, 2013, Fjordland and Serengeti announced that they had consolidated their adjoining Milligan South (100% FEX) and Mil (65% SIR/35% FEX) properties into a single (50%/50% JV) "Milligan West" Property, via an amendment to their previous QUEST JV agreement, dated February 21, 2008. The Property (15,736 hectares) adjoins the western boundary of Thompson Creek Metals Ltd's Mt. Milligan gold-copper project, which commenced production in late 2013, following a capital investment estimated at $1.5 billion. Several attractive anomalies exist on Milligan West; Fjordland and Serengeti are currently looking for a Joint Venture partner for this Project.

On March 25, 2014, Fjordland signed a Letter Agreement with a private owner on the Heffley Property, located approximately 30 kilometres northeast of Kamloops, British Columbia. The Company believes that this under explored property may host a significant alkali porphyry copper-gold deposit. We look forward to having the opportunity to explore this new acquisition; a minimum of 20 line kilometres of induced polaizatin survey followed by diamond drilling are planned in 2014.

On February 28, 2012, Fjordland terminated its Kimberley Gold Trend option agreement with Kootenay Gold Inc., after late-2011 and early 2012 small drilling programs on the Red Lobster and GCP sedex-style properties, respectively. Fjordland owns a 100% interest in the St. Mary's Property in the Southeast.

As part of our strategy, we continue to look at all our assets for ways to leverage and extract value, either on our own or as part of a joint venture. We are particularly excited about advancing our Dillard, Tak and Milligan West Projects during 2014.

On behalf of the Board of Directors and the management team of Fjordland, I sincerely thank you, the shareholders, for your strong support and confidence during the past year.

Respectfully,

"Tom G. Schroeter"

Tom G. Schroeter
President, CEO & Director
April 17, 2014

fjordland EXPLORATION INC.

December 31, 2013
(Canadian Funds)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Fjordland Exploration Inc.

We have audited the accompanying consolidated financial statements of Fjordland Exploration Inc., which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive loss, cash flows and changes in shareholdersô equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditorsô judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entityôs preparation and fair presentation of the consolidated 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 entityôs 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 consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Fjordland Exploration Inc. as at December 31, 2013 and 2012, and 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 consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Fjordland Exploration Inc.ôs ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

April 17, 2014

NEXIA INTERNATIONAL

FJORDLAND EXPLORATION INC.
Consolidated Statements of Financial Position
December 31
(Expressed in Canadian Dollars)

	Note	**2013**	2012
Assets			
Current			
Cash		$ 105,040	$ 46,685
Receivables	4	42,952	185,304
Prepaids		2,455	4,286
		150,447	236,275
Mineral Properties	7	99,765	835,352
Deposits	6	30,049	30,049
Equipment	5	5,221	7,631
		$ 285,482	$ 1,109,307
Liabilities			
Current			
Accounts payable and accrued liabilities	8	$ 143,111	$ 29,703
Shareholders' Equity			
Share Capital	10	14,717,262	14,706,512
Share-based Compensation Reserve		259,911	380,648
Deficit		(14,834,802)	(14,007,556)
		142,371	1,079,604
		$ 285,482	$ 1,109,307

Nature and continuance of operations *(Note 1)*
Commitments *(Note 14)*
Subsequent events *(Note 15)*

Approved and authorized by the Board on April 17, 2014

On behalf of the Board:

"Thomas G. Schroeter"
Thomas G. Schroeter

"Victor A. Tanaka"
Victor A. Tanaka

FJORDLAND EXPLORATION INC.
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31
(Expressed in Canadian Dollars)

	Note		**2013**		2012
General and administrative expenses					
Accounting and audit		$	54,180	$	72,800
Administration fees			43,898		42,198
Depreciation			2,410		2,825
Filing fees			10,022		11,685
Legal fees			11,273		8,783
Office and printing			18,999		24,508
Rent			42,665		42,038
Shareholdersôinformation			52,763		70,218
Share-based compensation	10(d)		150,085		-
Transfer agent fees			3,265		5,619
Wages and benefits			43,720		54,535
			(433,280)		(335,209)
Interest income			840		119
Property investigation			(40,894)		(185,190)
Cost recoveries	7		-		173,094
Mineral properties written-down	7		(624,734)		(6,922)
Loss and comprehensive loss for the year		$	(1,098,068)	$	(354,108)
Basic and diluted loss per share		$	(0.01)	$	(0.00)
Weighted average shares outstanding			82,510,378		82,106,542

See accompanying notes to the consolidated financial statements

FJORDLAND EXPLORATION INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31
(Expressed in Canadian Dollars)

	2013	2012
Cash provided by (used in):		
Operating activities		
Loss for the year	$ (1,098,068)	$ (354,108)
Items not affecting cash:		
Depreciation	2,410	2,825
Share-based compensation	150,085	-
Mineral properties written-down	624,734	6,922
Net change in non-cash working capital		
Receivables	126,818	(51,143)
Prepaid expenses	1,831	(44)
Accounts payable	99,174	(32,184)
	(93,016)	(427,732)
Investing activities		
Recoveries from mineral properties	902,699	426,545
Acquisition and exploration costs related to mineral properties	(751,328)	(562,671)
Deposits	-	18,500
Purchase of equipment	-	(1,110)
	151,371	(118,736)
Change in cash	58,355	(546,468)
Cash position - beginning of year	46,685	593,153
Cash position - end of year	$ 105,040	$ 46,685

Supplemental Disclosure with Respect to Cash Flows *(Note 13)*

FJORDLAND EXPLORATION INC.
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31

(Expressed in Canadian Dollars)

	Share Capital		Share-based Compensation		Total Shareholder's
	No. of Shares	Amount	Reserve	Deficit	Equity
Balance, December 31, 2011	81,849,282	$14,684,512	$529,884	$(13,802,684)	$1,411,712
Issued for other consideration					
Mineral properties	350,000	22,000	-	-	22,000
Transfer to deficit on expiry of options	-	-	(149,236)	149,236	-
Loss for the year	-	-	-	(354,108)	(354,108)
Balance, December 31, 2012	**82,199,282**	**14,706,512**	**380,648**	**(14,007,556)**	**1,079,604**
Issued for other consideration					
Mineral properties	450,000	10,750	-	-	10,750
Transfer to deficit on expiry of options	-	-	(270,822)	270,822	-
Share-based compensation	-	-	150,085	-	150,085
Loss for the year	-	-	-	(1,098,068)	(1,098,068)
Balance, December 31, 2013	**82,649,282**	**$14,717,262**	**$259,911**	**$(14,834,802)**	**$142,371**

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Fjordland Exploration Inc. (the “Company” or “Fjordland”) was incorporated on September 19, 1996 pursuant to the *Company Act* (British Columbia) and the common shares were listed for trading on the TSX Venture Exchange (“Exchange”). The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flow.

The Company’s head office, principal address and registered and records office is 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

These financial statements were authorized for issue by the Board of Directors on April 17, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value.

(a) Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned inactive subsidiary Nevada Prospectors Inc. (“NPI”) incorporated in California, USA.

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. All significant intercompany transactions and balances have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iii) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

(d) Mineral Properties

Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be tested for impairment, then reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

(e) Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is recognized using the following:

Office equipment - 30% declining balance
Furniture and fixtures - 20% declining balance
Leasehold improvements - straight line basis over term of lease

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(g) Restoration Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(h) Financial Instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

(i) Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit and loss - Financial assets are classified as fair value through profit and loss when the financial asset is held for trading or it is designated as such. A financial asset is classified if it has been acquired for the purpose of selling in the near future, it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. Financial assets are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified cash as fair value through profit and loss.

Loans and receivables – Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Company classifies its receivables as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. The Company classifies its accounts payable and accrued liabilities as other financial liabilities.

(i) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

(j) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. The fair value of the options is measured at the date of grant. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Flow-Through Shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income at the same time the qualifying expenditures are made.

(l) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. All options and warrants outstanding have been excluded from the calculation as they are considered anti-dilutive.

(m) Segmented information

The Company has one operating segment, mineral acquisition and exploration, and operates in one geographical segment, being Canada.

(n) Adoption of New IFRS Pronouncements

The adoption of the following new IFRS pronouncements did not have an effect on the Company’s financial statements:

i) IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interest in Associates and Joint Ventures was adopted by the Company on January 1, 2013. IFRS 10 provide guidance on the accounting treatment and associated disclosures requirements for joint arrangements and associates, and a revised definition of “control” for identifying entities which are to be consolidated. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purposes Entities.

ii) IFRS 13, Fair Value Measurement was adopted by the Company on January 1, 2013. IFRS 13 clarifies that the fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

iii) Amendment to IAS 1, “Presentation of Financial Statements” was adopted by the Company on January 1, 2013 with retrospective application. The amendments of IAS 1 require items to be grouped within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New Standards Not Yet Adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but are not yet effective at December 31, 2013:

i) IFRS 9, Financial Instruments (tentative adoption date January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

ii) IAS 32, "Financial Instruments: Presentation" is effective for annual periods beginning on or after January 1, 2014.

The Company is currently assessing the impact that these new accounting standards will have on the consolidated financial statements.

4. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2013	December 31, 2012
GST receivable	$ 32,530	$ 7,198
Cost recoveries and reimbursements	10,422	178,106
	$ 42,952	$ 185,304

5. EQUIPMENT

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2011	$6,161	$40,929	$13,699	$60,789
Additions	-	1,110	-	1,110
Disposals	-	-	-	-
Balance, December 31, 2012	$6,161	$42,039	$13,699	$61,899
Accumulated depreciation				
Balance, December 31, 2011	$5,473	$34,740	$11,230	$51,443
Depreciation	138	1,981	706	2,825
Balance, December 31, 2012	$5,611	$36,721	$11,936	$54,268

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2012	$6,161	$42,039	$13,699	$61,899
Additions	-	-	-	-
Disposals	-	-	-	-
Balance, December 31, 2013	$6,161	$42,039	$13,699	$61,899
Accumulated depreciation				
Balance, December 31, 2012	$5,611	$36,721	$11,936	$54,268
Depreciation	110	1,595	705	2,410
Balance, December 31, 2013	$5,721	$38,316	$12,641	$56,678
Carrying amounts				
As at December 31, 2012	$550	$5,318	$1,763	$7,631
As at December 31, 2013	$440	$3,723	$1,058	$5,221

6. DEPOSITS

	December 31, 2013	December 31, 2012
Office lease deposit	$ 14,549	$ 14,549
Exploration deposits	15,500	15,500
	$ 30,049	$ 30,049

7. Mineral Properties

	Dillard BC.	Iron Range BC.	Milligan W BC	QUEST BC	Tak BC	Total
Cost						
Balance, December 31, 2011	$49,876	$45,446	$ -	$594,218	$109,216	$798,756
Additions:						
Acquisition costs	67,000	-	-	-	695	67,695
Property	3,302	-	-	-	21,382	24,684
Prospecting	840	-	-	-	4,000	4,840
Administration	10,292	163	810	931	-	12,196
Geology	30,242	-	-	-	1,000	31,242
Geophysics	40,648	-	-	4	74,280	114,932
Geochemistry	-	-	-	-	1,309	1,309
Data verification	17,793	163	-	1,580	-	19,536
Drilling	80	-	-	-	208,740	208,820
Environment	-	-	-	343	-	343
Option payments	-	-	-	(12,845)	-	(12,845)
Cost recoveries	(8,963)	(4,959)	-	(1,612)	(413,700)	(429,234)
Mineral properties written-	-	-	-	-	(6,922)	(6,922)
Balance December 31, 2012	211,110	40,813	810	582,619	-	835,352
Additions:						
Acquisition costs	65,187	-	356	-	35	65,578
Property	7,960	-	-	-	393	8,353
Administration	6,737	86	3,007	1,513	2,637	13,980
Geology	27,133	1,750	5,750	-	4,000	38,633
Geophysics	207,792	-	-	-	-	207,792
Data verification	9,476	86	3,007	1,593	2,637	16,799
Drilling	440,711	-	-	-	-	440,711
Option payments	-	-	-	(3,726)	-	(3,726)
Cost recoveries	(898,973)	-	-	-	-	(898,973)
Mineral properties written-	-	(42,735)	-	(581,999)	-	(624,734)
Balance, December 31, 2013	$77,133	$ -	$12,930	$ -	$9,702	$ 99,765

7. Mineral Properties (continued)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and are in good standing.

(a) QUEST, BC

By a Letter of Intent dated July 30, 2007, the Company agreed to enter into a 50% - 50% Joint Venture with Serengeti Resources Inc. ("Serengeti"), a company related by a director in common, to explore properties in the Quesnel Terrane (Prince George) area of British Columbia.

In February 2008, the Company executed a joint venture agreement with Serengeti. The Company was the operator of the QUEST Joint Venture for 2008. The operatorship was to alternate on an annual basis dependent upon the interest held at the time and will earn an operator fee of 5% or 10% based on the magnitude of individual expenditures. In 2009, Serengeti took over as operator of the Joint Venture.

During the 2011 and 2012 fiscal years, the Company decided not to participate in the joint venture exploration budget and accordingly, its interest in the QUEST property was diluted to an estimated 35%.

In September 2011, the Company and Serengeti executed a joint venture agreement with Xstrata Copper Canada ("Xstrata"), which allowed Xstrata to acquire up to a 65% interest in 6 properties held under the QUEST JV. Under the terms of the agreement, Xstrata had the right to earn an initial 51% interest in the properties by funding $5 million in exploration expenditures and making firm and optional cash payments of $325,000 (paid $22,020 to the Company) to the joint venture over four years. Xstrata had the right to earn an additional 14% interest for an aggregate 65% interest in the properties by completing a feasibility study or incurring no less than an additional $25 million in expenditures on the properties. During the year ended December 31, 2013 Xstrata relinquished its option on the property and paid $3,726 to the Company on termination of the agreement.

In February 2013, the Company and Serengeti amended the Quest Joint Venture agreement and consolidated the Company's Milligan South and the Company's and Serengeti's Mil properties into a 50% - 50% Joint Venture project called Milligan West (Note 7(e)).

As at December 31, 2013, the Company does not intend to actively work on the property and has written-down $581,999 of acquisition and exploration costs.

7. Mineral Properties (continued)

(b) Tak, BC

The Company acquired, by staking, a 100% interest in certain properties located in central British Columbia, called the Tak - Milligan properties.

In September 2010, the Company entered into a letter agreement with Capstone Mining Corp. (“Capstone”) which allows Capstone to acquire up to a 70% interest in the Tak - Milligan property. Under the terms of the agreement, Capstone earned an initial 49% interest by expending $300,000 (paid) in exploration costs by June 30, 2011. Capstone may earn an additional 21% interest in the property by funding a further $5,700,000 (paid $650,000) in exploration costs over a six year period. In September 2012, Capstone relinquished its option on the property.

Certain claims within the Tak-Milligan property were consolidated into in the Milligan West JV (Note 7(e)) and the remaining claims comprise the Tak property.

(c) Iron Range, BC

The Company acquired, by staking, a 100% interest in certain properties located in southeastern British Columbia called the Iron Range properties.

During the year ended December 31, 2013, the Company has allowed all but one property to lapse and accordingly has written off accumulated costs of $42,735.

(d) Dillard, BC

In August 2011, the Company entered into an option agreement with private vendors, which allowed the Company to acquire a 100% interest in the Dillard property. Under the terms of the agreement, the Company must issue an aggregate of 1,500,000 common shares (issued - 300,000 at a value of $9,000) of the Company; make cash payments to the vendors totaling $180,000 (paid $65,000) and expend $2,500,000 in exploration costs on or before August 26, 2016. The property is subject to a 3% net smelter royalty (“NSR”) that the Company has the rights to buy down to a 1.5% NSR for $2,000,000.

In February 2012, the Company entered into an option agreement with Almaden Minerals Ltd. which allows the Company to acquire a 100% interest in the Dillard West (“Dill”) property located in southern British Columbia. Under the terms of the agreement, the Company must issue an aggregate of 2,000,000 common shares (issued - 500,000 at a value of $23,750) and make cash payments totaling $50,000 (paid). The remaining 1,500,000 common shares are to be issued upon completion of a 43-101 Resource Estimate by the Company. The property is subject to a 2% NSR. The Company has the option to purchase 1% of the NSR for a purchase price equal to fair market price determined by a mutually agreed assessor.

In April 2013, the Company signed a Letter of Intent and Preliminary Agreement with Sumac Mines Ltd., a subsidiary of Sumitomo Metal Mining Co. of Japan on the Dillard property (Dillard East and Dillard West). Under the terms of the agreement, Sumac has the option to earn a 51% interest by making aggregate exploration expenditures of $3,500,000 (received $807,000) over a three year period and a cash payment of $193,000 (received). The Company is the operator of the project.

7. Mineral Properties (continued)

(e) Milligan West, BC

In February 2013, the Company and Serengeti Resources Inc. consolidated certain claims into a single project (50%-50% Joint Venture) "Milligan West", via an amendment to the previous QUEST Joint Venture agreement (Note 7 (a) and (b)).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		December 31, 2013	December 31, 2012
Accounts payables	$	16,461	3,703
Accruals		16,000	26,000
Related parties payable		4,575	-
Advance on joint venture property		106,075	-
	$	143,111	29,703

Related party payables include wages and expense re-imbursements owed to senior management.

9. RELATED PARTY TRANSACTIONS

The financial statements include the financial statements of Fjordland Exploration Inc. and its subsidiary listed in the following table:

Name of subsidiary	Incorporation	Proportion of Ownership Interest	Principal Activity
Nevada Prospectors Inc.	Nevada, USA	100%	Inactive

The Company entered into the following transactions with related parties:

(a) The Company incurred accounting fees of $4,575 (2012 - $6,000) charged by a spouse of a director, and share-based compensation of $2,959 (2012 - $Nil) to the spouse.

(b) Included in receivables is $8,366 (2012 - $6,143) due from companies with a director in common.

9. RELATED PARTY TRANSACTIONS (continued)

The remuneration of directors and key management personnel during the years ended December 31, 2013 and 2012 are as follows:

		2013	2012
Wages (i)	$	92,000	96,000
Corporate secretary		38,000	34,900
Share-based compensation (ii)		124,934	-
	$	254,934	130,900

(i) Certain of these amounts are capitalized as mineral property exploration or recorded as property investigation.

(ii) Share-based compensation is the fair value of options granted to key management personnel.

10. SHARE CAPITAL

(a) Authorized

As at December 31, 2013, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

(b) Issued Share Capital

On February 2012, the Company issued 250,000 common shares, with a value of $20,000 as consideration towards the acquisition of mineral property (Note 7(d)).

On August 2012, the Company issued 100,000 common shares, with a value of $2,000 as consideration towards the acquisition of mineral property (Note 7(d)).

On January 2013, the Company issued 250,000 common shares, with a value of $3,750 as consideration towards the acquisition of mineral property (Note 7(d)).

On August 2013, the Company issued 200,000 common shares with a value of $7,000 as consideration towards the acquisition of mineral property (Note 7(d)).

(c) Stock Options

Options to purchase common shares have been granted to directors, officers, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

In May 2013, the Company received shareholder approval to grant up to 16,489,856 common shares under the Company's Stock Option Plan. Options granted under the plan vest as follows:

(i) 25% on the date of the grant;
(ii) 25% six months after the date of the grant;
(iii) 25% twelve months after the date of the grant;
(iv) 25% eighteen months after the date of the grant.

At December 31, 2013 the Company had stock options outstanding for the purchase of 11,405,000 common shares. Of this amount, options to purchase 3,796,250 common shares with a weighted average exercise price of $0.07 were fully vested and exercisable at December 31, 2013.

10. SHARE CAPITAL (continued)

(c) Stock Options (continued)

Stock option transactions are summarized as follows:

	December 31, 2013		December 31, 2012	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	3,160,555	$0.13	3,660,555	$0.16
Granted	10,145,000	$0.05	-	-
Expired	(1,900,555)	$0.15	(500,000)	$0.32
Outstanding at end of period	11,405,000	$0.06	3,160,555	$0.13

As at December 31, 2013, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Expiry Date	Exercise Price
520,000	June 22, 2014	$0.10
615,000	March 10, 2015	$0.12
125,000	June 7, 2015	$0.10
10,145,000	August 2, 2018	$0.05
11,405,000		

(d) Options - Share-based Compensation

The fair value of options granted during the year was $226,211 (2012 - $Nil). Total share-based compensation expense recognized for the options that vested during the year was $150,085 (2012 - $Nil).

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2013	2012
Expected dividend yield	0.00%	-
Expected stock price volatility	119.25%	-
Risk-free interest rate	1.63%	-
Forfeiture rate	0.00%	-
Expected life of options	4.6 years	-

(e) Warrants

As at December 31, 2013 and 2012, there were no outstanding warrants.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2013	2012
Loss before income taxes	$(1,098,068)	$(354,108)
Income tax expense (recovery) at statutory tax rates	(283,000)	(89,000)
Non-deductible expenditures	39,000	1,000
Impact of future income tax rates applied versus current statutory rate and other	25,000	-
Adjustment to prior year provision versus tax return	225,000	-
Change in unrecognized deductible temporary differences	(6,000)	88,000
Income tax expense (recovery)	-	-

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

Significant components of deductible temporary differences, unused tax losses and unused tax credits that have not been recognized in the consolidated statements of financial position are as follows:

Deductible temporary differences, unused tax losses and unused tax credits	**2013**	**Expiry Date Range**	**2012**
Non-Capital losses	$2,558,000	2014 to 2032	$2,973,000
Capital assets and others	161,000	not applicable	165,000
Mineral properties	6,933,000	not applicable	6,689,000
Investment tax credit	87,000	2027 to 2032	99,000

Tax attributes are subject to review and potential adjustment by tax authorities.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's financial instruments consist of cash, cost recoveries and reimbursements, accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying value, unless otherwise noted. Cash is measured at fair value using level 1 inputs.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is primarily held in major Canadian financial institutions. The Company's cost recoveries and reimbursements consist mainly of mineral property cost recovery receivables. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements.

Foreign Exchange Risk

The Company is not exposed to significant foreign exchange risk as it operates in Canada and does not undertake any significant foreign currency transactions.

Capital management

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 exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as shareholder's equity.

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 new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares periodic expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2013	2012
Significant non-cash investing and financing activities:		
Investing activities		
Mineral property expenditures included in accounts payable and accrued liabilities	$ 14,234	$ -
Mineral property recoveries included in receivables at year end	-	15,534
Financing activities		
Shares issued for mineral properties	$ 10,750	$ 22,000
Expiration of options and warrants	270,822	149,236
Fair value of options exercised	-	-
Other cash flow information		
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -

14. COMMITMENTS

On May 4, 2010, the Company entered into a five-year sub lease agreement with Adamera Minerals Corp. for office premises effective August 1, 2010. Approximate future annual lease payments based on the Company's proportionate share of basic rent charges, taxes and operating costs are as follows:

Year	Amount
2014	33,061
2015	22,042
	$ 55,103

15. SUBSEQUENT EVENTS

The Company had the following subsequent event:

The Company entered into an option agreement with a private vendor, which allows the Company to acquire a 100% interest in the Heffley property. Under the terms of the agreement, the Company must make cash payments totaling $200,000 by January 8, 2015. The property is subject to a 2% NSR. The Company has the option to purchase the NSR for $2,000,000.

Management Discussion and Analysis
For the Year Ended December 31, 2013
Dated: April 17, 2014

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Description of Business

Fjordland Exploration Inc. (“the Company”) is an exploration stage company engaged in the acquisition and exploration of prospective copper, gold and molybdenum properties primarily in Canada. The Company trades as a Tier Two company on the TSX Venture Exchange (“Exchange”) under the symbol “FEX” and is a reporting issuer in British Columbia and Alberta. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2013.

Forward-Looking Statements

This Management’s Discussion and Analysis (“MD&A”) may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements in this MD&A are only made as of April 17, 2014 (the “Report Date”). These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

Factors that could cause actual results to differ materially from these forward-looking statements include market prices, exploration success, and continued availability of capital and general economic, market or business conditions.

This list is not exhaustive and these and other factors should be considered carefully; readers should not place undue reliance on the Company’s forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company disclaims any intention and assumes no obligation to update any forward-looking statement contained in this document, even if new information becomes available as a result of future events or for any other reason.

Thomas G. Schroeter, P.Eng., P.Geo. and L. John Peters, P.Geo. are the Company’s qualified persons reviewing the exploration projects described throughout the MD&A. They are responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

Company Overview and Projects

(a) Highlights for the Year Ended December 31, 2013

On January 23, 2013, the Company made a cash payment of $25,000 and issued 250,000 common shares of the Company pursuant to the Dill option agreement.

On February 28, 2013, the Company and Serengeti Resources Inc. had consolidated their adjoining Milligan South and Mil properties into a single project (50%/50% JV) “Milligan West”, via an amendment to the previous QUEST Joint Venture agreement, dated February 21, 2008 between the Company and Serengeti.

On April 3, 2013, the Company signed a Letter of Intent (LOI) and Preliminary Agreement (PA) with Sumac Mines Ltd (“Sumac”) on the Dillard project. Under the terms of the agreement Sumac has the option to earn a 51% interest by making aggregate expenditures of C$3,500,000 (received $807,000) over a three year period and a cash payment of $193,000 (paid). The Agreement includes a 20 kilometre Area of Interest clause. The Company will be the operator of the project.

In June 2013, Xstrata relinquished its option on the six QUEST properties (Ping, Rob, Reid Lake, ST, PG and MP) and paid $3,726 to the Company on termination of the agreement.

During May to July 2013, the Company completed 17 lines totaling 43.3 line kilometres of ground magnetic and induced polarization surveys, as well as a high-resolution helicopter-borne magnetic and radiometric survey totaling 293 line kilometres, over an area measuring 7 kilometres by 5.5 kilometres on the Dillard Property.

The results of these surveys were evaluated and drill targets prioritized; drilling commenced on August 7, 2013.

On July 12, 2013, the Company signed a formal Option Agreement on the Dillard East (“Dillard”) Property, with the private vendors.

On August 7, 2013, the Company reported the 100% acquisition of the 2,528 hectare Allison Property, located 8 kilometres north of Princeton. As the Allison Property falls within the 20 kilometre area of interest of the Dillard Agreement, the Property has been incorporated into the Dillard option agreement with Sumac. In July 2013, three reconnaissance lines totaling 3 line kilometres of induced polarization and magnetic surveys were completed.

On August 19, 2013, the Company granted 10,145,000 stock options to directors, officers, employees and consultants with an exercise price of $0.05.

On August 20, 2013, the Company paid $25,000 and issued 200,000 common shares of the Company at a price of $7,000 under the terms of the Dillard property option agreement dated August 2011.

On October 24, 2013, the Company reported that between August and September, 2013, it completed six diamond drill holes totaling 2,600 meters on the Dillard Property. The drilling was designed to test geophysical targets, as well as possible depth extensions of historically reported copper-gold mineralization on the Dillard West area. Four holes were drilled on the Dillard West target; two holes on the Dillard East target. (See (g) Dillard below for drill results.)

(b) Events Subsequent to December 31, 2013

(i) On April 8, 2014, the Company announced that Sumac Mines Ltd. had approved a 2014 budget and work program, estimated at $950,000, for the Dillard project, The programs, expected to start in early June, will include approximately 2,000 metres of trenching, 3,000 metres of diamond drilling and geological mapping and prospecting over the entire property. The Company will be the operator of the project

(ii) The Company entered into an option agreement with a private vendor, which allows the Company to acquire a 100% interest in the Heffley property located in southern BC. Under the terms of the agreement, the Company must make cash payments totaling $200,000. The property is subject to a 2% NSR. The Company has the option to purchase the NSR for $2,000,000.

(c) Tak Properties, British Columbia

The Company holds a 100% ownership in six, road-accessible porphyry copper-gold properties (38,826 hectares) in the growing Woodjam area gold and base metals mining camp. Over the past four years, $1.13 million was spent in exploration on the Tak properties.

In November 2013, the Company allowed the Canim Property to lapse.

During 2013, the Company had discussions with parties interested in the Tak properties. The Company is currently seeking a Joint Venture partner for the Tak project. (See Company’s web site for details).

(d) QUEST, British Columbia

The Company elected not to participate in the funding of the QUEST 2010 and 2011 exploration programs, consisting of an extensive geochemical sampling program and induced polarization surveying on selected properties held by the QUEST Joint Venture. As a result, the Company's ownership in the Joint Venture with Serengeti dropped to approximately 35%. The Company maintains the right to participate in any future work.

On September 21, 2011, the Company announced that the Quest JV had signed an option agreement, dated August 25, 2011, with Xstrata Copper Canada to explore a number of QUEST JV properties. Xstrata had the right to earn an initial 51% interest in the properties by funding $5 million in exploration expenditures and making cash payments of $325,000 to the joint venture over four years. Xstrata had the right to earn an additional 14% interest in the properties by completing a feasibility study or incurring no less than an additional $25 million in expenditures on the properties. The six properties (Rob, Ping, Reid Lake, ST, PG and MP) totaled approximately 27,690 hectares. Several have drill targets identified as a result of exploration by Fjordland and Serengeti of approximately $1.7 million.

In February 2012, Xstrata Copper provided an update on its activities. Infill and expanded IP surveys totaling approximately 65 line kilometres, including 19.4 line kilometres across the Rob, ST and PG properties during 2012, were completed on all six properties.

During 2012 and January 2013, Xstrata completed 45.2 line kilometres of IP surveying on the six properties, pursuant to its QUEST option agreement. In February 2013, Xstrata returned the MP, PG, Reid Lake, Rob, and ST properties. Despite planning a drilling program on the Ping Property, in June 2013, Xstrata (as a result of recent corporate restructuring) elected to terminate the QUEST (Xstrata) option agreement, paid a termination fee of $3,726 and return the property to the Company and Serengeti.

At December 31, 2013, the QUEST Joint Venture between Serengeti (65%) and Fjordland (35%) comprises the Rob, Ping, MP, PG, ST, Hazel, Reid Lake and Q properties, totaling 24,071 hectares. The Company and Serengeti are seeking a Joint Venture partner for the QUEST project.

At this time, the Company does not intend to actively work on the project and has written-down $581,999 of acquisition and exploration costs.

(e) Iron Range, British Columbia

In December 2010, the Company acquired, by staking, a 100% interest in eight properties (namely, Mahon, Creston, Otto, Alpha, Baldy, Princess, St. Mary and Bootleg) totaling 60,047 hectares. The claims are located between 7 kilometres and 58 kilometres from the area of current interest at Iron Range (Eagle Plains and Providence Resources), and cover existing mineral occurrences, geologically favourable Aldridge Formation sedimentary rocks and numerous north-striking faults potentially significant for hosting gold mineralization. The targets include base metals (SEDEX) mineralization (e.g. Sullivan mine) and iron-oxide-copper-gold, (IOCG) type as well as structurally-controlled mineralization. The north-trending Iron Mountain Fault Zone complex, which hosts the Iron Range mineralization and a number of other mineral occurrences, consists of multiple faults which occur over an east-west extent of about 3 kilometres and a strike length of approximately 90 kilometres.

In December 2011, the Company allowed all but two of the properties (St. Mary and Bootleg) to lapse.

In 2012, the Company allowed the Bootleg property to lapse; the remaining St Mary's property totals 13,600 hectares.

During the year ended December 31, 2013, the Company wrote off accumulated costs of $42,735.

(f) Milligan West, British Columbia

In 2009, the Company acquired by staking the Milligan South and Milligan North properties located 3 kilometres and 5 kilometres northwest, respectively of the Mt. Milligan copper-gold deposit, currently being readied for production in late 2013 by Thompson Creek Metals Ltd.

In May 2011, the Company purchased from Amarc Resources Ltd. certain proprietary exploration data for parts of the Company's two Milligan properties. The data includes IP and magnetic survey information and drill hole data from 2 short drill holes. Four chargeability high anomalies are outlined. A limited soil sampling program on Milligan South was completed by the Company in September 2011. No work was conducted during 2012.

On February 28, 2013, the Company and Serengeti announced that they had consolidated their adjoining Milligan South (Fjordland - 100%) and Mil (Serengeti - 65%/Fjordland - 35%) into a single project (50%/50% JV) "Milligan West", via an amendment to the previous QUEST Joint Venture agreement, dated February 21, 2008 between the Company and Serengeti. The Milligan West Property is located approximately 160 kilometres northwest of Prince George, and adjoins the western boundary of Thompson Creek Metals Ltd Mt. Milligan copper-gold project, which commenced production in the fourth quarter of 2013, following a capital investment estimated at $1.5 billion. Previous work on the Mil property includes airborne magnetic, ground induced polarization (IP) surveys, geochemical soil surveys, as well as three shallow diamond drill holes totaling 790 metres in 2009. Drilling tested a very small proportion of a very large (22 kilometres by 2-3 kilometres) coincident IP chargeability and magnetic anomaly. One drill hole bottomed in a strongly altered zone that assayed 0.15% Cu over the final 6 metres. In addition, soil survey results yielded coincident copper and gold anomalies. Additional drilling is warranted. Previous work on Milligan South included airborne magnetic, ground IP surveys, geochemical soil surveys, as well as two very shallow diamond drill holes totaling 230 metres by a previous operator. Drilling tested two of three separate, coincident magnetic and IP anomalies, along with coincident copper and gold soil anomalies. The Company believes that the drilling may not have intersected the target and that additional drilling is warranted.

The Company and Serengeti have compiled all previous exploration data for the Mil and Milligan South properties into a single database for the Milligan West Property. In light of the current market conditions, the Companies have elected to seek a Joint Venture partner to advance the consolidated Project. On July 17, 2013, the Companies signed an Option Agreement for the Milligan West Property.

(g) Dillard, British Columbia

On August 26, 2011, the Company completed an option agreement with private vendors, whereby the Company can acquire a 100% interest in the 2,192 hectare Dillard East Property ("Dillard"), located approximately 40 kilometres north of Princeton, BC. The prospective ground straddles newly discovered porphyry copper showings and high-grade gold quartz vein targets. Grab samples taken by Company geologists during initial site investigations yielded assays up to 1.64% copper, 7.4 ppm silver, 0.025 ppm gold and 56.9 ppm molybdenum from new exposures in altered Nicola Group volcanic rocks on the western portion of the Property and up to 28.9 g/t gold and 11.4 ppm silver from a quartz vein in granodiorite on the eastern portion. A prospecting program was completed in October; several new showings were discovered and sampled.

During 2012, the Company completed 23.3 line kilometres and 11 line kilometres of ground magnetic and induced polarization surveying over selected areas of the property. These surveys have led to the identification of coincident copper-gold soil and IP anomalies in two areas measuring approximately 2,000 metres by 800 metres and 1,500 metres by 1,000 metres.

On February 7, 2012, the Company announced that it had signed an Option Agreement with Almaden Minerals Ltd. to acquire a 100% interest in the Dillard West Property ("Dill"), which adjoins the Company's recently optioned Dillard East Property. Both properties are porphyry copper-gold targets. Drilling by previous operators since 1966 intercepted several long intervals of copper mineralization including an intercept of 207 metres grading 0.25% copper. This hole, like most of the holes, bottomed in mineralization and therefore remains open to expansion at depth, as well as laterally.

On April 3, 2013, the Company signed a Letter of Intent and Preliminary Agreement with Sumac Mines Ltd., a subsidiary of Sumitomo Metal Mining Co. of Japan, on the 2,539 hectare Dillard property (comprising both the Dillard East and Dillard West options). Under the terms of the Agreement, Sumac has the option to earn a 51% interest in the Dillard Project by making aggregate exploration expenditures of $3,500,000 over a three year period. Expenditures will include $800,000 in 2013, $1,000,000 in 2014 and $1,700,000 in 2015. Included in the aggregate expenditure was a cash payment of $193,000 (received). The Agreement includes a 20 kilometre Area of Interest (AOI) around the Dillard Property. The Company will be the operator of the Project.

During May to July, 2013, the Company completed 17 lines totaling 43.3 line kilometres of ground magnetic and induced polarization surveys. In addition, on July 4, 2013, Precision GeoSurveys completed a high-resolution helicopter-borne magnetic and radiometric survey totaling 293 line kilometres on behalf of the Company over the Dillard Property. The results were interpreted and diamond drilling commenced on August 7, 2013.

On July 12, 2013, the Company signed a formal Option Agreement on the Dillard East (ñDillardò) Property, with the private vendors.

The Company also recently acquired, by staking, the 2,528 hectare Allison Property, located 8 kilometres north of Princeton, straddling the highway between Princeton and Merritt. The Property lies within the 20 kilometre area of interest as defined in the Dillard option agreement with Sumac Mines Ltd.; the latter has agreed to incorporate the Allison Property under the ñDillardò option agreement. Previous exploration by other operators during the early 1970s and 1990s included limited soil geochemical and ground magnetic surveys; no drilling has been conducted to date. During July 2013, the Company completed three reconnaissance lines totaling 3 line kilometres of induced polarization and magnetic surveys. No further work is planned under the current poor economic conditions.

On October 24, 2013, the Company reported that between August and September 2013, it had completed a 6 hole, 2,600 metres diamond drilling program. Four holes totaling 1,588 metres and two holes totaling 1,012 metres were completed on the Dillard West and Dillard East targets, respectively.

The Dillard West target, measuring approximately 1,400 metres by 1,200 metres, includes coincident induced polarization chargeability and copper and gold soil anomalies. Hole D1 13-04 returned 158.5 metres grading 0.2% Cu and 0.10 g/t Au. Additional copper and gold intersections were reported from holes D1 13-03, 05 and 06 (see Table below).

Hole ID	Total Depth (m)	From (m)	To (m)	Interval (m)	Cu (%)	Au (ppb)
DI 13-03	533.0	143.0	344.0	201.0	0.110	55.2
including		218.0	235.5	17.5	0.292	143.6
DI 13-04	452.0	49.0	452.0*	403.0	0.136	71.6
including		49.0	342.5	293.5	0.164	77.5
and		49.0	207.5	158.5	0.201	93.7
DI 13-05	382.1	5.0	382.1*	377.1	0.109	40.5
including		5.0	68.0	63.0	0.163	44.5
and		32.5	62.5	30.0	0.187	55.9
and		92.0	248.0	156.0	0.135	47.0
and		95.0	146.0	51.0	0.184	64.2
and		296.0	368.0	72.0	0.103	49.1
DI 13-06	221.0	41.0	221.0*	180.0	0.085	46.0

and		44.0	150.5	106.5	0.110	49.0

Notes: Intervals are core lengths. * = end of hole. Metallurgical recoveries and net smelter returns are not considered.

During 2013, the Company spent a total of $764,999 on exploration expenses on the Dillard property.

The results of the 2013 programs have been integrated into the database, and preliminary planning is in progress for a trenching and drilling program in 2014.

On April 8, 2014, the Company announced that Sumac Mines Ltd. had approved a 2014 budget and work program, estimated at $950,000. The programs, expected to start in early June, will include approximately 2,000 metres of trenching, 2,500 metres of diamond drilling and geological mapping and prospecting over the entire property. The Company will be the operator of the project.

(h) Heffley, British Columbia

On March 25, 2014, the Company signed a Letter Agreement with a private owner to acquire a 100% interest in the 1,940 hectare Heffley Property, located approximately 30 kilometres northeast of Kamloops, British Columbia. Under the terms of the agreement, the Company must make cash payments to the vendor of $10,000 cash on signing (paid), an additional $10,000 on July 1, 2014 and a final cash payment of $180,000 on January 8, 2015. The property is subject to a 2% net smelter return (ôNSRö) that the Company has the rights to buy for $2,000,000. The Agreement includes a 4 kilometre Area of Interest clause for additional ground surrounding the property

The road accessible property has seen very limited exploration in the past. New discoveries of copper and gold by the owner since 2005, as well as geological mapping, rock and soil sampling programs completed during 2010 and 2012 by Gold Fields, have led the Company to believe that the property has good potential to host a new afton-type alkaline porphyry copper-gold deposit. Limited rock sampling by the Company during 2013 yielded assays including; 1.337% Cu, 115 ppb Au; 0.607%Cu, 58 ppb Au and 0.114% Cu, 1,300 ppb Au.

Rock and soil sampling anomalies, outlined as a result of Gold Fieldÿs recent surveys, measuring in excess of 2 kilometres by 2 kilometres, will be followed up in 2014 by the Company with a minimum 20 line-kilometre IP survey and diamond drilling.

Mineral Property Expenditure Table

	Dillard BC.	Iron Range BC.	Milligan W BC	QUEST BC	Tak BC	Total
Cost						
Balance, December 31, 2011	$49,876	$45,446	$ -	$594,218	$109,216	$798,756
Additions:						
Acquisition costs	67,000	-	-	-	695	67,695
Property	3,302	-	-	-	21,382	24,684
Prospecting	840	-	-	-	4,000	4,840
Administration	10,292	163	810	931	-	12,196
Geology	30,242	-	-	-	1,000	31,242
Geophysics	40,648	-	-	4	74,280	114,932
Geochemistry	-	-	-	-	1,309	1,309
Data verification	17,793	163	-	1,580	-	19,536
Drilling	80	-	-	-	208,740	208,820
Environment	-	-	-	343	-	343
Option payments	-	-	-	(12,845)	-	(12,845)
Cost recoveries	(8,963)	(4,959)	-	(1,612)	(413,700)	(429,234)
Mineral properties written-	-	-	-	-	(6,922)	(6,922)
Balance December 31, 2012	211,110	40,813	810	582,619	-	835,352
Additions:						
Acquisition costs	65,187	-	356	,	35	65,578
Property	7,960	-	-	-	393	8,353
Administration	6,737	86	3,007	1,513	2,637	13,980
Geology	27,133	1,750	5,750	-	4,000	38,633
Geophysics	207,792	-	-	-	-	207,792
Data verification	9,476	86	3,007	1,593	2,637	16,799
Drilling	440,711	-	-	-	-	440,711
Option payments	-	-	-	(3,726)	-	(3,726)
Cost recoveries	(898,973)	-	-	-	-	(898,973)
Mineral properties written-	-	(42,735)	-	(581,999)	-	(624,734)
Balance, December 31, 2013	$77,133	$ -	$12,930	$ -	$9,702	$ 99,765

Selected Annual Information

Selected annual information from the Company's audited consolidated financial statements for the years ended December 31, 2013, 2012 and 2011.

	2013 ($)	2012 ($)	2011 ($)
General and administration expenses	(433,280)	(335,209)	(424,919)
Loss for the year	(1,098,068)	(354,108)	(1,058,336)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)
Cash dividends per share	Nil	Nil	Nil
Other comprehensive income (loss)	Nil	Nil	Nil
Assets	285,482	1,109,307	1,573,757
Long-term liabilities	Nil	Nil	Nil

Summary of Quarterly Results and Discussion of Operations

The consolidated financial statements of the Company to which the MD&A relates have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

	In accordance with							
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
	Mar 31 2012 Q1	Jun 30 2012 Q2	Sep 30 2012 Q3	Dec 31 2012 Q4	Mar 31 2013 Q1	Jun 30 2013 Q2	Sep 30 2013 Q3	Dec 31 2013 Q4
Mineral property costs deferred, net	(36,772)	12,561	67,052	(6,245)	(15,661)	(151,376)	13,011	889,611
G&A (incl. share-based payments)	(88,466)	(81,507)	(77,487)	(87,749	(79,181)	(65,734)	(161,750)	(126,615)
Share-based payments expense	-	-	-	-	-	-	98,309	51,776
Adjusted G&A (less share-based comp)	(88,466)	(81,507)	(77,487)	(87,749)	(79,181)	(65,734)	(63,441)	(74,839)
Net loss	(237,166)	(96,855)	(86,913)	66,826	(135,810)	(74,409)	(173,992)	(713,857)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average common shares outstanding - basic	81,970,161	81,983,987	82,038,956	82,106,542	82,339,831	82,449,282	82,540,586	82,106,542

Non-IFRS Financial Measures

Due to the adoption of the accounting standards for share-based payments, the Company's general and administrative quarterly expenses may fluctuate significantly. The granting and vesting of stock options is at the discretion of the Board of Directors and the resulting expenses do not reflect the normal operations of the Company. The Company had included "adjusted general and administrative expenses" without the share-based payments to be more reflective of normal operations. This financial measure does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other corporations or entities.

Discussion of Operations

(a) Quarter ended December 31, 2013 Results

The Companyös cash position decreased from $272,333 to $105,040. The largest use of cash was for general and administrative expenditures.
The Company incurred total general and administrative expenses of $126,615 (2012 - $87,749) Included in general and administrative expenses is a non-cash expense of $51,776 for share-based payments (2012 - $Nil). Share-based payments is a non-cash item resulting from the application of the Black-Scholes Option Pricing Model using assumptions in respect of expected dividend yield average risk-free interest rates, expected life of the options and expected volatility. After deducting this non cash item, expenses were $74,839 for the quarter (2012 - $87,749), representing a decrease of $12,910.

During the quarter, the Company incurred $8,025 (2012 - $12,270) in respect of shareholders information.

Accounting and audit $25,300 (2012 - $35,300), these numbers reflect the accrual of audit fees, which have been reduced for 2013.

During the quarter, the Company wrote-down $581,999 (2012 - $6,922), this is related to the QUEST (2012 ï Tak) properties.

(b) Year Ended December 31, 2013

Results of operations for the year ended December 31, 2013 are discussed in comparison with the year ended December 31, 2012. General and administrative expenses of $433,280 (2012 - $335,209) represents a $98,071 increase compared to the comparative period. Notable changes include:

The $42,952 receivables as December 31, 2013 included $32,530 in GST filed and $10,422 in cost recoveries and reimbursements.

Of the $30,049 in deposits at year end December 31, 2013, $15,500 consists of reclamation bonds and $14,549 is held as a rent deposit.

Accounting and audit expenditures were $54,180 (2012 - $72,800).

Total share-based compensation on options granted, and vested during the period ended December 31, 2013, resulted in $150,085 (2012 - $Nil) being expensed. Share-based compensation is a non-cash transaction.

Legal fees were $11,273 (2012 - $8,783).

Shareholdersô information was $52,763 (2012 - $70,218). A breakdown is provided below:

	December 31, 2013	December 31, 2012
Administration	$ 3,524	$ 6,497
Conferences	10,234	18,010
Consulting	33,000	36,000
Promotion	2,734	5,783
Media	1,612	3,106
Travel	1,659	822
	$ 52,763	$ 70,218

As of December 1, 2013, in the effort to cost save, the Company has decided to no longer have an Investor Relations consultant.

Administration fees of $43,898 (2012 - $42,198) represents an increase of $4,166 from 2012.

Wages and benefits of $43,720 (2012 - $54,535) are allocated as to time spent on exploration.

The Company's net loss for the period was $1,098,068 (2012 - $354,108).

Exploration expenditures during the year ended December 31, 2013 were $791,848 (2012 - $485,597), which consisted of $65,578 (2012 - $67,695) in acquisition costs and $726,270 (2012 - $417,902) in exploration costs.

During the year ended December 31, 2013 the Company, issued 450,000 shares (2012 - 350,000) valued at $10,750 (2012 - $22,000) relating to exploration properties; had cost recoveries of $898,973 (2012 - $429,234) and cash option payments of $3,726 (2012 - $12,845).

During the year ended December 31, 2013, the Company wrote down $624,734 (2012 - $6,922) in acquisition and exploration costs.

Liquidity

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements.

- liquidity risk increases, as other things being equal, the price of an asset will be reduced if the holder cannot sell the asset immediately;

- credit risk increases, as service providers may not always be able to perform in accordance with the terms of a contract. To help mitigate this risk with contracts that require large advances, the Company may be required to place funds in-trust, to be released on completion of the contract.

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

As at December 31, 2013, the Company had a cash position of $105,040 and working capital of $7,336 compared to a cash position of $46,685 and working capital of $206,572 at December 31, 2012.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

Capital Management

The Company considers its capital structure to be shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and has relied primarily on equity financings to meet its capital requirements.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

Financing Activities

The Company issued 250,000 common shares pursuant to the option agreement with Almaden Minerals Ltd. pertaining to the Dill property in BC.

The Company paid $25,000 and issued 200,000 common shares of the Company at a price of $7,000 under the terms of the Dillard property option agreement dated August 2011.

The Company granted 10,145,000 stock options to directors, officers, employees and consultants with an exercise price of $0.05.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financial arrangements.

Related Party Transactions

The financial statements include the financial statements of Fjordland Exploration Inc. and its subsidiary listed in the following table:

Name of subsidiary	Incorporation	Proportion of Ownership Interest	Principal Activity
Nevada Prospectors Inc.	California, USA	100%	Inactive

The Company entered into the following transactions with related parties:

(a) The Company incurred accounting fees of $4,575 (2012 - $6,000) charged by a spouse of a director, and share-based compensation of $2,959 (2012 - $Nil) to the spouse.

(b) Included in receivables is $8,366 (2012 - $6,143) due from companies with a director in common.

The remuneration of directors and key management personnel during the years ended December 31, 2013 and 2012 are as follows:

		2013	2012
Wages (i)	$	92,000	96,000
Corporate secretary		38,000	34,900
Share-based payments (ii)		124,934	-
	$	254,934	130,900

(i) Certain of these amounts are capitalized as mineral property exploration or recorded as property investigation.

(ii) Share-based compensation is the fair value of options granted to key management personnel.

Proposed Transactions

None

Risks and Uncertainties Related to the Company's Business

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

(a) Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Companyøs property holdings within existing investorsô investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Companyøs planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

(b) Market

The Companyøs securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

(c) Commodity Price

The Companyøs exploration projects are primarily related to exploration for gold and other precious metals in British Columbia, Canada. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investorsô evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commoditiesô prices, or in investorsô beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

(d) Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Companyøs mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

(e) Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all.

Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

(f) Share Price Volatility and Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

(g) Key Personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

(h) Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

(i) Realization of Assets

Exploration and evaluation assets comprise a substantial portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

(j) Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits.

(k) History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

(l) Uninsurable

The Company and its subsidiary may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

(m) Legal Proceedings

As at the date of the Report, there were no legal proceedings against or by the Company.

(n) Critical Accounting Estimates

The most significant accounting estimates for the Company relates to the carrying value of its mineral property exploration and evaluation assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

Management's estimates of exploration, operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for share-based payments and derivative instruments. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based payments and warrants. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the period

(o) Financial Instruments and other Instruments

The Company's financial assets consist of cash and deposits for reclamation, receivables, accounts payable and accrued liabilities. No amounts are invested other than in chartered bank term deposits. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from the financial instruments. The carrying value of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

Adoption of New IFRS Pronouncements

The adoption of the following new IFRS pronouncements did not have an effect on the Company's financial statements:

i) IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interest in Associates and Joint Ventures was adopted by the Company on January 1, 2013. IFRS 10 provide guidance on the accounting treatment and associated disclosures requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purposes Entities.

ii) IFRS 13, Fair Value Measurement was adopted by the Company on January 1, 2013. IFRS 13 clarifies that the fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

iii) Amendment to IAS 1, "Presentation of Financial Statements" was adopted by the Company on January 1, 2013 with retrospective application. The amendments of IAS 1 require items to be grouped within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified.

Accounting Policies Not Yet Adopted

The Company has not early adopted the following revised standards and is currently assessing the impact that these standards will have on the financial statements.

i) IFRS 9, Financial Instruments (tentative adoption January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

ii) IAS 32, "Financial Instruments: Presentation" is effective for annual periods beginning on or after January 1, 2014.

The Company is currently assessing the impact that these new accounting standards will have on the consolidated financial statements.

Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com.

As of the Report Date, the Company had 82,649,282 issued common shares outstanding and the following unexercised stock options and warrants:

Stock Options

Expiry Date	Exercise Price	Number of Shares
June 22, 2014	$0.10	520,000
March 10, 2015	$0.12	615,000
June 7, 2015	$0.10	125,000
August 2, 2018	$0.05	10,145,000
		11,405,000

Warrants

None

Outlook

It is a challenging time for the mining industry and the entire investment community. The Company is working hard to meet these challenges which face the industry. We are at this time not seeking any new financing; rather, we are working on field programs using monies made available through our joint venture partners. We have maintained our large portfolio, including 16 road-accessible, copper-gold-molybdenum porphyry-type targets located in some of the most geological prospective areas of central and southern British Columbia ï and are truly well positioned for discovery and growth.

Fjordland will continue to seek out and review projects that exhibit potential to host large mineral deposits containing commodities with strong prospects to increase value. The Company looks forward to continuing to expand its holdings as well as success in exploring and developing its properties.

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

Thomas G. Schroeter, P.Eng., P.Geo.
President, C.E.O and Director

G. Ross McDonald, C.A.
C.F.O. and Director

Richard C. Atkinson, P.Eng.
Director

Peter Krag-Hansen
Director

Victor A. Tanaka, P.Geo.
Director

Janice Davies
Corporate Secretary

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SHARE LISTING

TSX Venture Exchange
Symbol: FEX

CAPITALIZATION AT DECEMBER 31, 2013

Shares Authorized: Unlimited
Shares Issued and Outstanding 82,649,282