ANNUAL REPORT

December 31, 2015

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December 31, 2015
(Canadian Funds)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Fjordland Exploration Inc.

We have audited the accompanying financial statements of Fjordland Exploration Inc., which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of loss and comprehensive loss, cash flows, and shareholdersô equity, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditorsô judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entityôs preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements present fairly, in all material respects, the financial position of Fjordland Exploration Inc. as at December 31, 2015 and 2014 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 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 Professional Accountants

April 19, 2016

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

	Note	**2015**	2014
Assets			
Current			
Cash		$ 7,055	$ 186,460
Receivables	5	12,038	29,755
Prepaids		136	692
		19,229	216,907
Project Advance	8(b)	29,923	27,533
Mineral Properties	8	318,630	317,165
Deposits	7	15,050	26,549
Equipment	6	2,105	3,310
		$ 384,937	$ 591,464
Liabilities			
Current			
Accounts payable and accrued liabilities	9	$ 30,787	$ 100,528
Loans	10, 11	197,425	106,082
		228,212	206,610
Shareholders' Equity			
Share Capital	12	15,181,324	15,039,787
Share Subscription	12	-	99,551
Share-based Payments Reserve		274,876	258,489
Deficit		(15,299,475)	(15,012,973)
		156,725	384,854
		$ 384,937	$ 591,464

Nature and continuance of operations *(Note 1)*
Commitments *(Note 15)*
Subsequent events *(Note 16)*

Approved and authorized by the Board on April 19, 2016

On behalf of the Board: *"Richard C. Atkinson"* Richard C. Atkinson   *"Victor A. Tanaka"* Victor A. Tanaka

See accompanying notes to the financial statements

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

	Note		**2015**		2014
General and administrative expenses					
Accounting and audit		$	58,880	$	52,315
Administration fees	10		36,000		36,000
Bad debt expense (recovery)			(6,143)		6,143
Depreciation	6		1,205		1,911
Filing fees			8,364		8,462
Legal fees			2,484		2,427
Marketing			1,521		37,627
Office and printing			17,617		18,022
Rent			32,600		49,164
Share-based compensation	12(d)		53,695		113,926
Transfer agent fees			2,965		5,298
Wages and benefits			2,246		23,050
			(211,434)		(354,345)
Operator fees			5,971		154,286
Property investigation			(525)		(18,152)
Financing expense and interest on loans payable	11		(41,233)		(26,082)
Mineral properties written-down	8		(76,589)		(49,226)
Loss and comprehensive loss for the year		$	(323,810)	$	(293,519)
Basic and diluted loss per share		$	(0.00)	$	(0.01)
Weighted average shares outstanding			93,279,358		84,105,172

See accompanying notes to the financial statements

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

	2015	2014
Cash provided by (used in):		
Operating activities		
Loss for the year	$ (323,810)	$ (293,519)
Items not affecting cash:		
Bad debt expense	-	6,143
Depreciation	1,205	1,911
Financing expenses and interest on loan payable	41,233	26,082
Share-based compensation	53,695	113,926
Mineral properties written-down	76,589	49,226
Net change in non-cash working capital		
Receivables	28,217	7,054
Prepaid expenses	556	1,763
Project advance	(2,390)	(27,533)
Accounts payable	(3,367)	(38,202)
	(128,072)	(153,149)
Investing activities		
Recoveries from mineral properties	16,543	920,913
Acquisition and exploration costs related to mineral properties	(171,471)	(1,185,920)
Deposits	11,499	3,500
	(143,429)	(261,507)
Financing activities		
Loan proceeds	200,000	100,000
Payment of loans and interest	(109,890)	-
Shares issued for cash	5,783	300,000
Share issuance cost	(3,797)	(3,475)
Share subscription	-	99,551
	92,096	496,076
Change in cash	(179,405)	81,420
Cash position - beginning of year	186,460	105,040
Cash position - end of year	$ 7,055	$ 186,460

Supplemental Disclosure with Respect to Cash Flows *(Note 14)*

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

(Expressed in Canadian Dollars)

	Share Capital		Share	Share-based Compensation		Total Shareholder's
	No. of Shares	Amount	Subscription	Reserve	Deficit	Equity
Balance, December 31, 2013	82,649,282	$14,717,262	$ -	$259,911	$(14,834,802)	$142,371
Shares issued for cash						
Private placement, net of issue costs	6,000,000	296,525	-	-	-	296,525
Issued for other consideration						
Mineral properties	300,000	6,000	-	-	-	6,000
Shares issued as loan bonus	400,000	20,000	-	-	-	20,000
Share subscription			99,551			99,551
Transfer to deficit on expiry of options	-	-	-	(115,348)	115,348	-
Share-based compensation	-	-	-	113,926		113,926
Loss for the year	-	-	-	-	(293,519)	(293,519)
Balance, December 31, 2014	**89,349,282**	**15,039,787**	**99,551**	**258,489**	**(15,012,973)**	**384,854**
Shares issued for cash						
Private placement, net of issue costs	3,511,133	101,537	-	-	-	101,537
Issued for other consideration						
Shares issued as loan bonus	800,000	40,000	-	-	-	40,000
Share subscription	-	-	(99,551)	-	-	(99,551)
Transfer to deficit on expiry of options	-	-	-	(37,308)	37,308	-
Share-based compensation	-	-	-	53,695	-	53,695
Loss for the year	-	-	-	-	(323,810)	(323,810)
Balance, December 31, 2015	**93,660,415**	**$15,181,324**	**$ -**	**$274,876**	**$(15,299,475)**	**$156,725**

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Fjordland Exploration Inc. (the ñCompanyò or ñFjordlandò) 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 (ñExchangeò). 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 Companyôs head office, principal address and registered and records office is 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (ñIFRSò) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Companyôs 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 Companyôs ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (ñIFRSò) as issued by the International Accounting Standards Board (ñIASBò) and interpretations issued by the International Financial Reporting Interpretations Committee (ñIFRICò). The financial statements have been prepared on a historical basis, using the accrual basis of accounting except for cash flow information. 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 19, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Consolidation

The 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 financial statements included the financial statements of the Company and its wholly owned inactive subsidiary Nevada Prospectors Inc. incorporated in California, USA until its administrative dissolution during fiscal 2015.

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 deferred 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 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, may be subject to unregistered prior agreements, transfers or land claims, or may be non-compliant with regulatory requirements.

(e) Equipment

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

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 ("FVTPL") - 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 as FVTPL 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. FVTPL 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 FVTPL 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, accrued liabilities and loans 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 statement of financial position 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.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow- through regulations. When applicable, this tax is accrued and recorded to profit or loss.

(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 7, Financial Instruments: Disclosures (amendments) is effective for annual periods beginning on or after January 1, 2015

ii) IAS 36, Impairment of Assets is effective for annual periods beginning on or after July 1, 2014.

(o) New Standards Not Yet Adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but were not yet effective as at December 31, 2015:

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

ii) IFRS 15, Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2017.

iii) IFRS 14, Regulatory Deferral Accounts is effective for annual periods beginning on or after January 1, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New Standards Not Yet Adopted (continued)

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

4. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, deposits, accounts payable, accrued liabilities and loans. 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 receivables consist of recoveries and reimbursements for mineral property costs. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

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. The Company is exposed to liquidity risk.

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.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Capital management (continued)

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 demand deposit in an interest bearing Canadian chartered bank account. The Company is not subject to any externally imposed capital restrictions.

5. RECEIVABLES

The Company's receivables are as follows:

		December 31, 2015		December 31, 2014
GST receivable	$	1,504	$	8,233
Cost recoveries and reimbursements		10,534		27,665
Allowance for doubtful accounts		-		(6,143)
	$	12,038	$	29,755

6. EQUIPMENT

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2013	$6,161	$42,039	$13,699	$61,899
Additions	-	-	-	-
Disposals	-	-	-	-
Balance, December 31, 2014	$6,161	$42,039	$13,699	$61,899
Accumulated depreciation				
Balance, December 31, 2013	$5,721	$38,316	$12,641	$56,678
Depreciation	88	1,117	706	1,911
Balance, December 31, 2014	$5,809	$39,433	$13,347	$58,589

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2014	$6,161	$42,039	$13,699	$61,899
Additions	-	-	-	-
Disposals	-	-	-	-
Balance, December 31, 2015	$6,161	$42,039	$13,699	$61,899
Accumulated depreciation				
Balance, December 31, 2014	$5,809	$39,433	$13,347	$58,589
Depreciation	71	782	352	1,205
Balance, December 31, 2015	$5,880	$40,215	$13,699	$59,794
Carrying amounts				
As at December 31, 2014	$352	$2,606	$ 352	$3,310
As at December 31, 2015	$281	$1,824	$ -	$2,105

7. DEPOSITS

	December 31, 2015	December 31, 2014
Office lease deposit	$ 3,050	$ 14,549
Exploration deposits	12,000	12,000
	$ 15,050	$ 26,549

8. Mineral Properties

	Dillard BC.	S Voisey Bay LB	Heffley BC	Milligan W BC	Ta B	Total
Cost						
Balance, December 31, 2013	$77,133	$ -	$ -	$12,930	$9,70	$99,765
Additions:						
Acquisition costs	36,000	-	13,752	-		49,752
Property	5,563	28,250	2,371	-		36,184
Operator fees	-	22,225	-	-		22,225
Airborne	677	-	-	-		677
Geology	12,435	-	8,933	59	43	21,859
Geophysics	-	193,993	-	-		193,993
Geochemistry	4,404	-	-	-		4,404
Data verification	3,541	-	493	-	55	4,588
Drilling	753,882	-	-	-		753,882
Trenching	99,975	-	-	-		99,975
Cost recoveries	(920,913)	-	-	-		(920,913)
Mineral properties written-	-	-	(25,549)	(12,989)	(10,68	(49,226)
Balance December 31, 2014	72,697	244,468	-	-		317,165
Additions:						
Permitting	22,381	28,625	-	-		51,006
Operator fees	-	6,711		-		6,711
Management fees	5,775	30,345	-	-		36,120
Geophysics	-	13,957	-	-		13,957
Data verification	6,563	3,412	-	-		9,975
Drilling	28,887	4,462	-	-		33,349
Cost recoveries/advances	(59,714)	(13,350)	-	-		(73,064)
Mineral properties written-	(76,589)	-	-	-		(76,589)
Balance, December 31, 2015	$ -	$318,630	$ -	$ -	$	$318,630

8. 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) 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 was obligated to issue an aggregate of 1,500,000 common shares (issued - 600,000 at a value of $15,000); make cash payments to the vendors totaling $180,000 (paid $95,000) and expend $2,500,000 (incurred $1,747,078 to December 31, 2015) in exploration costs on or before August 26, 2016. The property was subject to a 3% net smelter royalty (“NSR”) that the Company had the right 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 allowed 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 was obligated to 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 were to be issued upon completion of a 43 -101 Resource Estimate by the Company. The property was subject to a 2% NSR. The Company had 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 had the option to earn a 51% interest by making aggregate exploration expenditures of $3,500,000 (received $1,841,811) over a three year period and a cash payment of $193,000 (received). The Company was the operator of the project.

As at December 31, 2015, the agreements were terminated and the Company wrote off $76,589 of acquisition and exploration costs.

(b) South Voisey’s Bay, Labrador

The Company, in September 2014 as amended November 2014, entered into a Memorandum of Understanding (“MOU”) with Commander Resources Ltd (“Commander”) whereby the Company was granted an option to earn a 75% undivided interest in the South Voisey’s Bay property.

The Company has earned a 15% interest in the property by having expended $350,000 in exploration costs prior to the option agreement expiration on August 15, 2015.

The Company intends to participate in future exploration programs proposed by the operator, Commander Resources Ltd, and accordingly has a project advance as at December 31, 2015 of $29,923 (2014 - $27,533).

8. Mineral Properties (continued)

(c) Heffley, BC

In March 2014, the Company entered into an Option Agreement with a private vendor, which granted the Company the right to acquire a 100% interest in the Heffley property. Under the terms of the agreement, the Company was obligated to make cash payments totaling $200,000 by January 8, 2015 (paid - $10,000).

In March 2014, the Company staked additional claims surrounding the Heffley claim block.

As at December 31, 2014, the Company terminated the Option Agreement and has written-down $25,549 of acquisition and exploration costs.

(d) Milligan West, BC

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

As at December 31, 2014, the Company decided not to actively explore the property and has written-down $12,989 of acquisition and exploration costs.

(e) Tak, BC

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

As at December 31, 2014, the Company decided not to actively explore the property and has written-down $10,688 of acquisition and exploration costs.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		December 31, 2015	December 31, 2014
Accounts payables	$	18,160	34,209
Accruals		12,500	16,000
Related parties payable		127	1,177
Advance from optionee		-	49,142
	$	30,787	100,528

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

(a) Loans

i) During fiscal year 2014 the Company received $75,000 from a director of the Company, and issued 300,000 common shares valued at $15,000 as bonus shares to this party.

ii) During fiscal year 2015 the Company repaid, in aggregate, principal of $75,000 and interest of $7,418 to the director. The Company received $150,000 from a director of the Company, and issued 600,000 common shares valued at $30,000 as bonus shares to this party. At December 31, 2015, the principal of $150,000 and interest of $9,329 was owed to this party (Note 11).

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based compensation, of key management person during the years ended December 31, 2015 and 2014 were as follows:

		2015	2014
Wages (i)	$	-	51,000
Corporate secretary		36,000	36,000
Share-based payments		45,625	97,935
	$	81,625	184,935

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

(c) Other

The Company incurred accounting fees of $36,000 (2014 - $28,500) charged by a spouse of a director, and share-based compensation of $7,862 (2014 - $10,495) to the spouse.

Included in receivables is $Nil (2014 - $26,721) due from a company with a director in common.

Included in accounts payables is $127 (2014 - $127) due to a company with a director in common.

11. Loans

(a) On May 22, 2014, the Company completed loan arrangements by way of promissory notes (ñNotesò) for total proceeds of $100,000. The Notes matured on November 19, 2014 and bore interest of 10% per annum. In connection with the Notes, the Company, as a bonus to the lenders, issued in the aggregate of 400,000 common shares at a total fair value of $20,000, which transaction cost were amortized and expensed over the term of the loan.

On January 9, 2015, the promissory note was amended and repayment of the principal sum owning was to be extended to May 18, 2015. In all other respects the terms of the Notes remained unchanged.

On May 18, 2015, the Company repaid, in aggregate, principal of $100,000 and interest of $9,890.

11. Loans (continued)

(b) On May 18, 2015, the Company completed loan arrangements by way of promissory notes (ñNotesò) for total proceeds of $200,000. The Notes mature on May 17, 2016 and bear interest of 10% per annum. In connection with the Notes, the Company, as a bonus to the lenders, issued in the aggregate of 800,000 common shares at a total fair value of $40,000, this transaction cost is amortized and expensed over the term of the loan. At December 31, 2015, the Company had principal of $200,000 and interest of $12,438 owing to the lenders. Refer to Related Party Note 10(a).

Balance, December 31, 2013	$	-
Proceeds received		100,000
Value of bonus shares		(20,000)
Financing expense and interest		26,082
Balance, December 31, 2014		**106,082**
Proceeds received		200,000
Value of bonus shares		(40,000)
Financing expenses and interest		41,228
Repayment of loan and interest		(109,890)
Balance, December 31, 2015	$	**197,420**

12. SHARE CAPITAL

(a) Authorized

As at December 31, 2015 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 May 18, 2015, pursuant to the loan arrangement, the Company issued, as a bonus to the lenders, 800,000 common shares at a total fair value of $40,000 (Note 11(b)).

On January 6, 2015, the Company completed a non-brokered private placement for the issuance of 2,355,566 non flow-through units (the ñUnitsò) and 1,155,567 flow-through units (the ñFT Unitsò) at $0.03 per unit for gross proceeds of $105,334 of which $99,551 was received in fiscal 2014. The amount was recorded as share capital on issuance of the common shares in fiscal year 2015. Each Unit consists of one common share and one share purchase warrant. Each FT Unit consists of one flow-through common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 until January 6, 2018. The Company incurred share issue costs in the amount of $3,797 in connection with the placement. No values were attributed to the warrants or flow through components.

On May 26, 2014, pursuant to the loan arrangement, the Company issued, as a bonus to the lenders, 400,000 common shares at a total fair value of $20,000 (Note 11(a)).

On July 17, 2014, the Company issued 300,000 common shares, with a value of $6,000 as consideration towards the acquisition of mineral property (Note 8(a)).

12. SHARE CAPITAL - (continued)

(b) Issued Share Capital (continued)

On October 23, 2014, the Company completed the first tranche of a non-brokered private placement for the issuance of 3,500,000 non flow-through units (the “Units”) and 700,000 flow-through units (the “FT Units”) at $0.05 per unit. Each Unit consists of one common share and one share purchase warrant. Each FT Unit consists of one flow-through common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 until October 23, 2017. The Company incurred share issue costs in the amount of $2,518 in connection with the placement.

On October 31, 2014, the Company completed the second and final tranche of a non-brokered private placement for the issuance of 600,000 non flow-through units (the “Units”) and 1,200,000 flow-through units (the “FT Units”) at $0.05 per unit. Each Unit consists of one common share and one share purchase warrant. Each FT Unit consists of one flow-through common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 until October 31, 2017. The Company incurred share issue costs in the amount of $958 in connection with the placement.

(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 2015, the Company received shareholder approval to grant up to 16,529,856 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, 2015 the Company had stock options outstanding for the purchase of 12,045,000 common shares. Of this amount, options to purchase 10,846,250 common shares with a weighted average exercise price of $0.05 were fully vested and exercisable at December 31, 2015.

Stock option transactions are summarized as follows:

	December 31, 2015		December 31, 2014	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	12,475,000	$0.05	11,405,000	$0.06
Granted	-	-	4,795,000	$0.05
Expired/Forfeited	(430,000)	$0.11	(3,725,000)	$0.06
Outstanding at end of year	12,045,000	$0.05	12,475,000	$0.05

12. SHARE CAPITAL (continued)

(c) Stock Options (continued)

As at December 31, 2015, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercisable	Expiry Date	Exercise Price
7,250,000	7,250,000	August 2, 2018	$0.05
4,795,000	3,596,250	September 16, 2019	$0.05
12,045,000	10,846,250		

(d) Options - Share-based Compensation

There were no options granted in fiscal year 2015. The fair value of options granted during the fiscal year 2014 were $117,116 or $0.02 per option. Total share-based compensation expense recognized for the options that vested during the year was $53,695 (2014 - $113,926).

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:

	2015	2014
Expected dividend yield	-	0.00%
Expected stock price volatility	-	134.60%
Risk-free interest rate	-	2.00%
Forfeiture rate	-	0.00%
Expected life of options	-	4.7 years

(e) Warrants

During the year ended December 31, 2015, the Company, in connection with the private placements, issued warrants allowing the purchase of up to 3,511,133 common shares. All the warrants entitle the holder to purchase one common share at a price of $0.05 expiring on January 6, 2018.

Exercise Price	Expiry Date	Outstanding at December 31, 2014	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2015
$0.05	October 23, 2017	4,200,000	-	-	-	4,200,000
$0.05	October 31, 2017	1,800,000	-	-	-	1,800,000
$0.05	January 6, 2018	-	3,511,133	-	-	3,511,133
		6,000,000	3,511,133	-	-	9,511,133

13. INCOME TAXES

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

	2015	2014
Loss before income taxes	$(323,810)	$(293,519)
Income tax expense (recovery) at statutory tax rates	(84,000)	(76,000)
Non-deductible expenditures	14,000	30,000
Impact of flow through shares	-	25,000
Impact of future income tax rates applied versus current statutory rate and other	-	10,000
Adjustment to prior year provision versus tax return	9,000	-
Share issue costs	(1,000)	(1,000)
Change in unrecognized deductible temporary differences	62,000	12,000
Income tax expense (recovery)	-	-

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	**2015**	**Expiry Date Range**	**2014**
Non-Capital losses	$3,547,000	2015 to 2034	$3,346,000
Capital assets and others	150,000	not applicable	148,000
Mineral properties	6,200,000	not applicable	6,158,000
Investment tax credit	100,000	2027 to 2032	100,000
Share issue costs	5,000	2035 to 2038	10,000

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

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2015	2014
Significant non-cash investing and financing activities:		
Investing activities		
Accounts payable advance applied to mineral property	$ 56,521	$ -
Mineral property expenditures included in accounts payable and accrued liabilities	-	9,853
Mineral property recoveries included in receivables at year end	10,500	-
Shares issued for mineral properties	-	6,000
Financing activities		
Expiration of options and warrants	$ 37,308	$ 115,348
Shares issued to lenders	40,000	20,000

Other cash flow information

Income taxes paid	$	-	$	-
Interest paid	$	9,890	$	-

15. COMMITMENTS

On September 1, 2015, the Company entered into a one-year sub lease agreement with Adamera Minerals Corp. for office premises effective September 1, 2015. Future annual lease payments based on basic rent charges are as follows:

Year	Amount
2016	$12,200

16. SUBSEQUENT EVENTS

The Company had the following subsequent events:

In March 2016, the Company staked eight claim groups comprising of 26,223 hectares in the Western Athabasca Basin, Saskatchewan for $26,227.

Subsequent to the year ended December 31, 2015, 1,500,000 warrants were exercised for proceeds of $75,000.

Management Discussion and Analysis
For the Year Ended December 31, 2015
Dated: April 19, 2016

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FJORDLAND EXPLORATION INC.

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 financial statements and the notes thereto for the year ended December 31, 2015.

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 19, 2016 (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.

Richard C. Atkinson, P.Eng. 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, 2015

i) On January 6, 2015, the Company completed a non-brokered private placement for the issuance of 2,355,566 non flow-through units (the "Units') and 1,155,567 flow-through units (the "FT Units") at $0.03 per unit. Each Unit consists of one common share and one share purchase warrant. Each FT Unit consists of one flow-through common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 until January 6, 2018.

ii) On January 9, 2015, the promissory note which was due on November 9, 2014 was amended and repayment of the principal sum owing was to be extended to May 18, 2015. In all other respects the terms of the Notes remained unchanged.

iii) On March 10, 2015, 305,000 stock options with a price of $0.12 expired.

iv) On May 18, 2015, the Company repaid the promissory note of $100,000 including interest of $9,890.

v) On May 18, 2015, the Company completed loan arrangements by way of promissory notes ("Notes") for total proceeds of $200,000. The Notes mature on May 17, 2016 and bear interest of 10% per annum. In connection with the Notes, the Company, as a bonus to the lenders, issued in the aggregate of 800,000 common shares at a total fair value of $40,000, this transaction cost is amortized and expensed over the term of the loan.

(b) Events Subsequent to December 31, 2015

i) Subsequent to the year ended, 1,500,000 warrants were exercised for a total of $75,000.

ii) On March 16, 2016, the Company announced the acquisition by staking of eight claim groups comprising 26,223 hectares in the Western Athabasca Basin, Saskatchewan for $26,227.

(c) Dillard, British Columbia

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 had the option to earn a 51% interest by making aggregate exploration expenditures of $3,500,000 (received $1,841,811) over a three year period and a cash payment of $193,000 (received).

In 2015, the Letter of Intent with Sumac Mines Ltd. was terminated and the Company wrote off $76,589 of acquisition and exploration costs.

(d) South Voisey's Bay, Labrador

The South Voisey's Bay Property is located 260 kilometres north-northwest of Goose Bay and 80 kilometres south of the Voisey's Bay nickel, copper, and cobalt mine. Access is via helicopter or float plane.

The South Voisey's Bay Property consists of 17 licenses totaling 18,080 ha. The Property is 85% owned by Commander Resources Ltd ("Commander") of Vancouver, B.C and 15% by the Company. The Property is unencumbered.

The Property encompasses gabbros of the Pants Lake mafic intrusive complex (PLI) situated at the tectonic boundary between the Nain and Churchill provinces dominated by basement gneisses. The PLI has been the main focus of all mineral exploration on the Property, having been geologically mapped in detail and tested with more than 130 diamond drill holes since 1996.

The Voisey's Bay intrusion is regionally restrictive, the PLI being the only significant analogue in Labrador. There are clear similarities between the geological settings, age, petrology, and geochemistry of the Pants Lake Intrusion underlying the South Voisey's Bay Property and that of the analogous mafic rocks in the Voisey's Bay area. The Voisey's Bay mine, owned and operated by Vale Inco Company, had as at May 2015 reserves of approximately 100 million tons containing 902,220 Mlbs nickel, 507,592 Mlbs copper, and 42,241 Mlbs cobalt.

At this time, three areas of the property show the best potential for hosting large high-grade nickel and copper mineralization; 1) the 2002 discovery by Falconbridge Ltd of a strong UTEM conductor west of the Worm intrusion (Sandy Target), 2) a possible feeder vent at the central portion of the Taheke lobe, and 3) the deep massive sulphide target at the eastern extension of the Taheke lobe (Sarah Target).

In 2012, Dr. Jules Lajoie of Comtek Ltd reinterpreted the 2002 UTEM data completed by Falconbridge at the Sandy target. When Dr. Lajoie replotted the data using point normalized profiles the anomaly showed a very strong increasing response to the south off the survey area.

In November 2014 Fjordland commissioned ground geophysical surveys including magnetics and a UTEM survey over the Sandy conductor extending south of the original survey. The UTEM survey consisted of 22.3

line-kilometres both inside and outside a large loop to measure both horizontal and vertical conductors. An in-house ground magnetics survey totaling 42 line-kilometres was also completed over the area.

The UTEM survey delineated an extremely strong, sub-horizontal conductive body approximately 350 metres by 400 metres in size, elongated north-northwest (Sandy target). This target is situated approximately 100 metres west of the known limits of the Worm gabbro unit.

A group of four sub-parallel steeply dipping conductors were also delineated (Sandy North target). These conductors, located 1 kilometre to the north of the Sandy target, are closely associated with the basal portion of the Worm gabbro body. This is the classical position of nickel footwall deposits, suggesting a strong likelihood these conductors are sourced by conductive nickel sulphide mineralization.

On October 2, 2014 Fjordland announced it had executed a Memorandum of Understanding with Commander whereby Fjordland was granted an option to earn a 70% undivided interest in Commander's 100% interest in the Property. On December 17, 2014 Fjordland announced an amendment to the terms of the MOU to enable Fjordland to earn up to a 75% interest in the project by increasing the Initial Work Commitment by Fjordland from $250,000 to $350,000 and increasing the Initial Option interest from 10% to 15%.

The Company has earned a 15% interest in the property by having expended $350,000 in exploration costs prior to the option agreement expiration on August 15, 2015.

The Company intends to participate in future exploration programs proposed by the operator, Commander Resources Ltd.

(e) Athabasca Basin, Saskatchewan

In March 2016, the Company staked eight claim groups comprising 26,223 hectares in the Western Athabasca Basin, Saskatchewan.

The Western Athabasca project is a conceptual early stage exploration project seeking to discover and develop economic diamondiferous kimberlites. There has been insufficient exploration to date to define a mineral resource and it is uncertain if further exploration will result in a target being delineated as a mineral resource.

The next phase of diamond exploration in this region would consist of more detailed airborne survey with 100 metre line spacings versus 400 metre line spacings as flown for the Saskatchewan Geological Survey. Interpretation of this contemplated survey may result in the identification of additional discrete, shallow-sourced, magnetic anomalies. Subsequent ground follow-up would seek to confirm the kimberlitic nature of these targets. The thick blanket of magnetically neutral Athabasca sandstone overlying the Archean basement rocks emphasize magnetic signatures of intrusive bodies such as kimberlites, which intrude through the sandstone.

Mineral Property Expenditure Table

	Dillard BC.	S Voisey Bay LB	Heffley BC	Milligan W BC	Tak BC	Total
Cost						
Balance, December 31, 2013	$77,133	$ -	$ -	$12,930	$9,702	$99,765
Additions:						
Acquisition costs	36,000	-	13,752	-	-	49,752
Property	5,563	28,250	2,371	-	-	36,184
Operator fees	-	22,225	-	-	-	22,225
Airborne	677	-	-	-	-	677
Geology	12,435	-	8,933	59	432	21,859
Geophysics	-	193,993	-	-	-	193,993
Geochemistry	4,404	-	-	-	-	4,404
Data verification	3,541	-	493	-	554	4,588
Drilling	753,882	-	-	-	-	753,882
Trenching	99,975	-	-	-	-	99,975
Cost recoveries	(920,913)	-	-	-	-	(920,913)
Mineral properties written-down	-	-	(25,549)	(12,989)	(10,688)	(49,226)
Balance December 31, 2014	72,697	244,468	-	-	-	317,165
Additions:						
Permitting	22,381	28,625	-	-	-	51,006
Operator fees	-	6,711		-	-	6,711
Management fees	5,775	30,345	-	-	-	36,120
Geophysics	-	13,957	-	-	-	13,957
Data verification	6,563	3,412	-	-	-	9,975
Drilling	28,887	4,462	-	-	-	33,349
Cost recoveries/advances	(59,714)	(13,350)	-	-	-	(73,064)
Mineral properties written-down	(76,589)	-	-	-	-	(76,589)
Balance, December 31, 2015	$ -	$318,630	$ -	$ -	$ -	$318,630

Selected Annual Information

Selected annual information from the Company's audited financial statements for the year ended December 31, 2015 and the audited consolidated financial statements for the years ended December 31, 2014 and 2013.

	2015 ($)	**2014 ($)**	**2013 ($)**
General and administration expenses	(211,535)	(354,585)	(433,280)
Loss for the year	(323,810)	(293,519)	(1,098,068)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)
Cash dividends per share	Nil	Nil	Nil
Other comprehensive income (loss)	Nil	Nil	Nil
Assets	384,937	591,464	285,482
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							
	Mar 31 2014 Q1	Jun 30 2014 Q2	Sep 30 2014 Q3	Dec 31 2014 Q4	Mar 31 2015 Q1	Jun 30 2015 Q2	Sep 30 2015 Q3	Dec 31 2015 Q4
Mineral property costs deferred, net	14,676	(13,629)	1,845	214,508	23,438	15,671	-	(37,644)
G&A (incl. share-based compensation)	(85,934)	(42,881)	(94,602)	(131,168)	(66,946)	(54,032)	(44,893)	(45,563)
Share-based compensation expense	31,432	(1,635)	46,296	37,833	26,281	11,834	10,861	4,719
Adjusted G&A (less share-based comp)	(54,502)	(44,516)	(48,306)	(93,335)	(40,665)	(42,198)	(34,032)	(40,844)
Net loss	(173,992)	46,586	(137,139)	(28,974)	(68,307)	(55,661)	(62,650)	(137,192)
Loss per share – basic and diluted	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average common shares outstanding - basic	82,649,282	82,807,524	83,199,282	87,627,543	89,349,282	93,159,316	93,660,415	93,660,415

Non-IFRS Financial Measures

Due to the adoption of the accounting standards for share-based compensation, 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 compensation 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, 2015

The Company's cash position decreased from $186,460 on December 31, 2014 to $7,055 on December 31, 2015 cash was used to fund operating and exploration activities.

The Company incurred total general and administrative expenses of $45,563 (2014 - $131,168) Included in general and administrative expenses is a non-cash expense of $4,719 for share-based compensation (2014 - $37,833). Share-based compensation 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 $40,844 for the quarter (2014 - $93,335), representing a decrease of $52,491.

During the quarter, the Company incurred $129 (2014 - $32,279) in respect of marketing information.

Accounting and audit $21,500 (2014 - $25,315), these numbers reflect the accrual of audit fees.

During the quarter, the Company wrote-down $76,589 (2014 - $Nil), related to the Dillard property.

(b) Year Ended December 31, 2015

Results of operations for the year ended December 31, 2015 are discussed in comparison with the year ended December 31, 2014. General and administrative expenses of $211,434 (2014 - $354,585) represents a $143,151 decrease compared to the comparative year. Notable changes include:

The $12,038 receivables as December 31, 2015 included $1,504 in GST filed and $10,534 in cost recoveries.

Of the $15,050 in deposits at year end December 31, 2015, $12,000 consists of reclamation bonds and $3,050 is held as a rent deposit.

Accounting and audit expenditures were $58,880 (2014 - $52,315).

Total share-based compensation on options granted, and vested during the period ended December 31, 2015, resulted in $53,695 (2014 - $113,926) being expensed. Share-based compensation is a non-cash transaction.

Legal fees were $2,484 (2014 - $2,427).

Marketing expense was $1,521 (2013 - $37,627). A breakdown is provided below:

	December 31, 2015	December 31, 2014
Conferences	$ -	$ 3,177
Consulting	-	32,000
Promotion	-	279
Media	1,521	1,698
Travel	-	473
	$ 1,521	$ 37,627

Administration fees were $36,000 (2014 - $36,000).

Wages and benefits of $2,246 (2014 - $23,050) decreased by $20,804.

The Company's net loss for the year was $323,810 (2014 - $293,519) a increase of $30,291, mainly due to financing expenses and interest on loans payable of $41,233 (2014 - $26,082).

Exploration expenditures during the year ended December 31, 2015 were $151,118 (2014 - $1,187,539), which consisted of $Nil (2014 - $49,752) in acquisition costs and $151,118 (2014 - $1,137,787) in exploration costs.

During the year ended December 31, 2015 the Company, issued Nil shares (2014 - 300,000) valued at $Nil (2014 - $6,000) relating to exploration properties; had cost recoveries of $73,064 (2014 - $920,913) and cash option payments of $Nil (2014 - $40,000).

During the year ended December 31, 2015, the Company wrote down $76,589 (2014 - $49,226) 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 and the issuance of debt 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, 2015, the Company had a cash position of $7,055 and working capital deficiency of $208,983 compared to a cash position of $186,460 and working capital of $10,297 at December 31, 2014.

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 and the issuance of debt 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 completed a non-brokered private placement for the issuance of 2,355,566 non flow-through units (the "Units') and 1,155,567 flow-through units (the "FT Units") at $0.03 per unit. Each Unit consists of one common share and one share purchase warrant. Each FT Unit consists of one flow-through common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.05 until January 6, 2018.

Subsequent to the year-ended the Company received $75,000 on the exercise of 1,500,000 warrants.

Off-Balance Sheet Arrangements

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

Related Party Transactions

The Company entered into the following transactions with related parties:

(a) Loans

i) During fiscal year 2014 the Company received $75,000 from Richard A. Atkinson, President and CEO of the Company, and issued 300,000 common shares valued at $15,000 as bonus shares to this related party.

ii) During fiscal year 2015 the Company repaid, in aggregate, principal of $75,000 and interest of $7,418 to the director. The Company received a $150,000 loan from Richard A. Atkinson, President and CEO of the Company, and issued 600,000 common shares valued at $30,000 as bonus shares to this party. At December 31, 2015, the principal of $150,000 and interest of $9,329 was owed to this party (Note 11).

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based compensation, of key management person during the years ended December 31, 2015 and 2014 were as follows:

		2015		2014
Wages (i)	$	-	$	51,000
Corporate secretary		36,000		36,000
Share-based compensation (ii)		45,625		97,935
	$	81,625	$	184,935

(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.

(c) Other

The Company incurred accounting fees of $36,000 (2014 - $28,500) charged by the spouse of Victor A. Tanaka, a director of the Company, and share-based compensation of $7,862 (2014 - $10,495) to the spouse.

Included in receivables is $Nil (2014 - $26,721) due from a company with a director in common.

Included in accounts payables is $127 (2014 - $127) due to a company with a director in common.

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 Company's property holdings within existing investors' 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 Company's 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 Company's 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 Company's 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 investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' 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 Company's 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 compensation and derivative instruments. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based compensation 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 7, Financial Instruments: Disclosures (amendments) is effective for annual periods beginning on or after January 1, 2015

ii) IAS 36, Impairment of Assets is effective for annual periods beginning on or after July 1, 2014.

iii) IFRS 14, Regulatory Deferral Accounts is effective for annual periods beginning on or after January 1, 2016.

Accounting Policies Not Yet Adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but were not yet effective at December 31, 2015:

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) IFRS 15, Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2017.

The Company is currently assessing the impact that these new accounting standards will have on the 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 95,160,415 issued common shares outstanding and the following unexercised stock options and warrants:

Stock Options

Expiry Date	Exercise Price	Number of Shares
August 2, 2018	$0.05	7,250,000
September 16, 2019	$0.05	4,795,000
		12,045,000

Warrants

Expiry Date	Exercise Price	Number of Shares
October 23, 2017	$0.05	4,000,000
October 31, 2017	$0.05	1,800,000
January 6, 2018	$0.05	2,211,133
		8,011,133

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

The Company 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

Richard C. Atkinson P.Eng.
President, C.E.O and Director

G. Ross McDonald, C.A.
C.F.O. and 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, 2015

Shares Authorized: Unlimited
Shares Issued and Outstanding 93,660,415