Management Discussion and Analysis
For the Year Ended December 31, 2016
Dated: April 25, 2017

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fjordland EXPLORATION INC.

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FJORDLAND EXPLORATION INC.

Management Discussion and Analysis
For the Year Ended December 31, 2016 **Form 51-102F1**

Introduction

The management's discussion and analysis ("MD&A" or "Report") of Fjordland Exploration Inc. (the "Company" or "Fjordland") has been prepared by management in accordance with the requirements under National Instrument 51-102 April 25, 2017 ("the Report Date"), and provides comparative analysis of the Company's financial results for the year The following information should be read in conjunction with the Company's audited financial statement for the year ended December 31, 2016 together with the notes thereto (collectively, the "Financial Statements"). Unless otherwise indicated, all dollar amounts in this document are in Canadian dollars.

The Financial Statements, together with this MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance, and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward looking statements, and the Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events.

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.

Additional information about the Company, including the audited financial statements, and the notes thereto, for the year ended December 31, 2016, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com.

Description of Business

Fjordland Exploration Inc. ("the Company") is an exploration stage company engaged in the acquisition and exploration of prospective mineral deposits primarily in Canada. The Company acquires properties directly by staking, through option agreements with prospectors or other exploration companies, and through reconnaissance programs. 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.

Richard C. Atkinson, P.Eng. and Victor A. Tanaka, 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.

Overall Performance and Outlook

During the year ended December 31, 2016 and to the date of this report, the Company has continued to seek out and review projects that exhibit potential to host large mineral deposits containing commodities with strong prospects to increase value.

The Company continues to preserves cash by keeping general and administrative expenses to a minimum.

Management continues to consider potential property acquisitions and to monitor capital markets for appropriate funding opportunities with the goal of acquiring projects that are drill ready or which can be advanced to the drill stage with minimal investment of cash and time.

Mineral properties

(a) 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 7 licenses totaling 4,258 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 36.1 million tons containing 2.24% nickel, 1.05% copper, and 0.13% 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 covered an area of 2.5 km by 7.6 km and 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, the terms of the MOU were amended to enable Fjordland to earn up to a 75% interest in the project by increasing the Initial work commitment from $250,000 to $350,000 and thereby increasing the Initial interest earned from 10% to 15%.

The option agreement expired on August 15, 2015 with Fjordland having earned a 15% interest.

During 2016 exploration activities were confined to a reassessment of the mineral tenure in order to reserve funds and holding costs.

The Company intends to participate in future exploration programs and accordingly has a project advance as at December 31, 2016 of $18,630 (2015 - $29,923).

(b) Athabasca Basin, Saskatchewan

i) In 2016, the Company staked mineral claims at a cost of $50,961 aggregating 84,809 ha in the Northwestern Athabasca Basin, Saskatchewan. The majority of these claims were contiguous to claims previously staked by CanAlaska Uranium Ltd. ("CanAlaska") covering magnetic features which were deemed to be analogous to those indicating kimberlites.

ii) On May 20, 2016, the Company signed an Option to Purchase Agreement with CanAlaska, whereby the Company was granted the option to purchase 100% interest in two claim groups with an area of 2,544 ha.

Under the terms of the agreement the Company issued 4,000,000 shares with a fair value of $240,000, or $0.06 per share and paid $5,000 cash.

During 2016, CanAlaska options their claims to DeBeers Canada Inc. ("DeBeers") which carried out a detailed airborne geophysical survey. After drilling 7 of 85 magnetic features DeBeers terminated their option agreement on December 23, 2016. CanAlaska has obtained and has reinterpreted DeBeer's technical information and is currently seeking a new partner.

Subsequent to the year ended December 31, 2016, the Company determined that they would terminate the option agreement and has therefore written down the $245,000 of acquisition costs.

The Company currently intends to retain the balance of their mineral tenure until expiry.

c) Milligan West, BC

In February 2013, the Company and Serengeti Resources Inc. consolidated certain claims located in north central British Columbia into the Milligan West project with each company owning an equal interest.

In 2016, the Company decided not to participate in a geophysical survey and as at December 31, 2016, the Company had been diluted to a 43.7% interest in the project.

In late 2016, Serengeti announced the completion of a deep-penetrating, reconnaissance IP profile in the Heidi Lake area of Milligan West property. The survey was designed to test for possible extensions of the sulphide system hosting the Mt. Milligan deposits. This survey outlined a 1,100 metre anomaly that is associated with a high-resistivity feature, possibly representing a deep intrusive body. This anomaly also straddles a regional northwest trending structure, similar in orientation to the Great Eastern Fault which bounds the Mt. Milligan deposit to the east. Two widely spaced holes drilled in the general area in 2005, intersected sedimentary rocks locally cut by propylitlcally-altered monzodiorite sills of the Milligan-age intrusive suite with sulphides increasing in one hole with one interval assaying 0.15 g/t gold over 9 metres. Limited soil geochemical sampling dating to 2011 identified several strongly anomalous gold and molybdenum sites in the area of the newly identified anomaly.

The management feels that this newly identified anomaly is a compelling drill target meriting a minimum of several drill holes given that it is located close to one of BC's largest gold-copper mines. Serengeti holds the right to a multi-year, area-based notice of work enabling a drill program to be conducted during 2017.

Mineral Property Expenditure Table

	Dillard BC.	S Voisey Bay LB	Northwest Athabasca Basin Sask	Total
Cost				
Balance, December 31, 2014	$72,697	$244,468	$ -	$317,165
Additions:				
Permitting	23,381	28,625	-	51,006
Operator fees	-	6,711	-	6,711
Management fees	5,775	30,345	-	36,120
Geophysics	-	13,967	-	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
Additions:				
Acquisition costs	-	-	295,961	295,961
Permitting	-	11,242	-	11,242
Mineral properties written-down	-	-	(245,000)	(245,000)
Balance, December 31, 2016	$ -	$329,872	$ 50,961	$380,833

Selected Annual Information

Selected annual information from the Company's audited financial statements for the year ended December 31, 2016 and the audited consolidated financial statements for the years ended December 31, 2015 and 2014.

	2016 ($)	**2015 ($)**	**2014 ($)**
General and administration expenses	(159,202)	(211,434)	(354,345)
Loss for the year	(442,863)	(323,810)	(293,519)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)
Cash dividends per share	Nil	Nil	Nil
Other comprehensive income (loss)	Nil	Nil	Nil
Assets	610,382	384,937	591,464
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 2015 Q1	Jun 30 2015 Q2	Sep 30 2015 Q3	Dec 31 2015 Q4	Mar 31 2016 Q1	Jun 30 2016 Q2	Sep 30 2016 Q3	Dec 31 2016 Q4
Mineral property costs deferred, net	23,438	15,671	-	(37,644)	31,227	264,634	100	(233,758)
G&A (incl. share-based compensation)	(66,946)	(54,032)	(44,893)	(45,563)	(35,566)	(35,951)	(39,838)	(47,847)
Share-based compensation expense	26,281	11,834	10,861	4,719	3,898	-	5,958	(3,714)
Adjusted G&A (less share-based comp)	(40,665)	(42,198)	(34,032)	(40,844)	(31,668)	(35,951)	(33,880)	(57,703)
Net loss	(68,307)	(55,661)	(62,650)	(137,192)	(50,415)	(48,494)	(46,066)	(297,888)
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	89,349,282	93,159,316	93,660,415	93,660,415	93,781,294	96,231,844	101,120,045	103,781,915

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, 2016

The Company's cash position increased from $7,055 on December 31, 2015 to $204,394 on December 31, 2016 cash was used to fund operating and exploration activities.

The Company incurred total general and administrative expenses of $47,847 (2015 - $45,563) Included in general and administrative expenses is a non-cash expense of $(3,714) for share-based compensation (2015 - $4,719). 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 $57,703 for the quarter (2015 - $40,844), representing a increase of $16,859.

During the quarter, the Company incurred $8,249 (2015 - $129) in respect of marketing information.

Accounting and audit $25,250 (2015 - $21,500), these numbers reflect the accrual of audit fees.

During the quarter, the Company wrote-down $245,000 (2014 - $76,589), related to the Northwest Athabasca Basin (Dillard) property.

(b) Year Ended December 31, 2016

Results of operations for the year ended December 31, 2016 are discussed in comparison with the year ended December 31, 2015. General and administrative expenses of $159,202 (2015 - $211,434) represents a $11,051 increase compared to the comparative year. Notable changes include:

The $3,050 in deposits at year end December 31, 2016, is held as rent deposit.

Loans of $203,341 as of December 31, 2016, consists of principal of $200,000 and interest of $3,341 owing to the lenders. In 2016, the Company paid interest of $29,098.

Significant items included in the current results of operation are as follows:

	2016	2015
Accounting and audit	54,750	58,880
Administration fees	36,000	36,000
Filing fees	9,829	8,364
Office	9,692	17,617
Rent	18,683	32,600
Transfer agent	6,224	2,965

Total share-based compensation on options granted, and vested during the period ended December 31, 2016, resulted in $6,142 (2015 - $53,695) being expensed. Share-based compensation is a non-cash transaction.

Marketing expense was $14,000 (2015 - $1,521). A breakdown is provided below:

	December 31, 2016	December 31, 2015
Consulting	$ 12,000	$ -
Printing	695	-
Media	1,305	1,521
	$ 14,000	$ 1,521

Comprehensive loss for the year ended December 31, 2016 is $442,863 (2015 - $323,810), which includes financing expenses and interest on loans payable of $35,014 (2015 - $41,233) and Mineral properties written-down of $245,000 (2015 - $76,589).

Exploration expenditures during the year ended December 31, 2016 were $307,203 (2015- $151,118), which consisted of $295,961 (2015 - $Nil) in acquisition costs and $11,242 (2015 - $151,118) in exploration costs.

During the year ended December 31, 2016 the Company, issued 4,000,000 shares (2015 - Nil) valued at $240,000 (2015 - $Nil) relating to exploration properties and had cost recoveries of $Nil (2015 - $73,064).

During the year ended December 31, 2016, the Company wrote down $245,000 (2015 - $76,589) 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, 2016, the Company had a cash position of $204,394 and working capital deficiency of $17,357 compared to a cash position of $7,055 and working capital deficiency of $209,983 at December 31, 2015.

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

On June 6, 2016, the Company issued 4,000,000 common shares, with a fair value of $240,000 or $0.06 per share as consideration towards the acquisition of mineral property.

On September 27, 2016, the Company completed a non-brokered private placement for the issuance of 2,521,500 units at $0.10 per unit for a total of $252,150. Each unit consisted one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.15 until September 27, 2017, if however; the closing price of the Company's shares are $0.30 or greater for a period of 10 consecutive trading days the Company may notify the holder in writing that the warrants will expire 20 days from receipt of such notice unless exercised by the holder before such date. The Company paid a finder's fees of $3,187 and issued 24,000 Finder's Warrants valued at $1,450 using the Black-Scholes option pricing model. The Company incurred share issue costs in the amount of $5,496 in connection with the placement.

For the year ended December 31, 2016, the Company issued 2,500,000 common share on the exercise of warrants for proceeds of $125,000.

For the year ended December 31, 2016, the Company issued 1,100,000 common shares on the exercise of stock options for proceeds of $55,000.

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 2015 the Company repaid, in aggregate, principal of $75,000 and interest of $7,418 to a corporation controlled by a director Richard C. Atkinson. The Company received an additional $150,000 from the corporation, and issued 600,000 common shares valued at $30,000 as bonus shares to this corporation.

During fiscal year 2016, the Company paid interest of $21,822 to a corporation with a director, Richard C. Atkinson, in common.

ii) At December 31, 2016, the principal of $150,000 (2015 - $150,000) and interest of $2,507 (2015 - $9,329) was owed a corporation controlled by a director Richard C. Atkinson.

(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, 2016 and 2015 were as follows:

	2016	2015
Administration fees (Janice Davies)	36,000	36,000
Share-based compensation (i)	3,309	45,625
	39,309	81,625

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

(c) Other

i) The Company incurred accounting fees of $36,000 (2015 - $36,000) charged by the spouse of Victor A. Tanaka, a director of the Company, and share-based compensation of $589 (2015 - $7,862) to the spouse.

ii) Included in accounts payables is $Nil (2015 - $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 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, 2016:

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.

iii) IFRS 16, Leases is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the years beginning on or after January 1, 2019.

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 103,781,915 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	6,350,000
September 16, 2019	$0.05	4,595,000
September 8, 2017	$0.125	200,000
April 10, 2022	$0.07	750,000
		11,895,000

Warrants

Expiry Date	Exercise Price	Number of Shares
October 23, 2017	$0.05	3,500,000
October 31, 2017	$0.05	1,800,000
January 6, 2018	$0.05	1,711,133
September 2, 2017	$0.15	2,521,500
September 27, 2017	$0.15	24,000
		9,556,633

Cautionary Note

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled'; "estimates': "forecasts': "intends': "anticipates", or results "may", "could'; "would", "might' or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parametres as *plans continue to be refined; future prices of minerals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and the Corporation disclaims any obligation to update any forward- looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

CORPORATE INFORMATION

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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, 2016

Shares Authorized: Unlimited
Shares Issued and Outstanding 103,781,915