



**Management Discussion and Analysis  
For the Nine Months Ended September 30, 2019  
Dated: November 22, 2019**

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# **FJORDLAND EXPLORATION INC.**

## **Management Discussion and Analysis For the Nine Months Ended September 30, 2019**

**Form 51-102F1**

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### **Introduction**

The management's discussion and analysis ("MD&A" or "Report") of Fjordland Exploration Inc. (the "Company" or "Fjordland") has been prepared by management. As at November 22, 2019 ("the Report Date") this document discloses specified information up to that date in accordance with the requirements under National Instrument 51-102 and IAS 34 Interim Financial Reporting. The following information should be read in conjunction with the Company's audited financial statement for the year ended December 31, 2018 together and the Company's condensed interim financial statements for the nine months ended September 30, 2019 with the notes thereto. 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 and the Company's activities, including the audited financial statements, and the notes thereto, for the year ended December 31, 2018, prepared in accordance with IFRS, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Business of the Company**

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.

### **Mineral properties**

#### **South Voisey's Bay, Labrador**

The South Voisey's Bay property (29,400 hectares) is located in central Labrador approximately 80 km due south of the operating Voisey's Bay nickel mine and covers parts of the Pants Lake gabbro complex in the South Voisey's Bay area. The Pants lake Complex contains host rocks with alteration and nickel mineralization styles that are similar to the Voisey's Bay hosts.

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

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The 2017 field exploration program consisted of drilling 1,670 metres designed to test six shallow UTEM geophysical targets.

The 2018 exploration program was completed in August and comprised 1,253.2 metres of core drilling in 11 holes along with property wide geological mapping.

Exploration expenditures for the 2018 program aggregated \$1,229,844. and was funded by HPX BC Holdings Ltd. ("HPX") pursuant to their funding obligations in the September 5, 2017 agreement (refer to note 7(a) in the Financial Statement for particulars of this agreement).

The 2018 drilling program was designed to test the role of structure in controlling magma emplacement, and sulphide accumulation. Several drill holes were selected to test conductive structures interpreted from reprocessing of historical geophysical data that occur close to structures interpreted from satellite images and geological mapping. Overall results were geologically encouraging with higher grades being associated with basal accumulations of sulphides. The intersections while narrower than expected are considered significant as semi-massive sulphides comprised primarily of pyrrhotite with minor pentlandite and chalcopyrite occurring at or near the base of gabbro sills.

Geological and structural mapping and property-wide prospecting programs were also completed during the 2018 field operation. Mapping was performed within key target areas to refine drill targets, as well as on a property wide scale to identify and define structures similar to those known to control emplacement of magmatic sulphides in the vicinity of the Voisey's Bay mine located 80 km to the north.

The geological information from drilling and preliminary mapping will guide the refinement of the intrusion history through classification and quantifying of gabbro breccias that will resolve magma pathways and high priority feeders.

As HPX's expenditures, pursuant to the aforementioned agreement, was well in excess of their contracted minimum obligations HPX elected to not contribute to the 2019 recommended exploration program.

As a result of this outcome the field program was amended to consist solely of ground based geological activities including mapping and re-logging of selected portions of previously drilled core. This activity included the systematic collection of density measurements of core which will, in combination with the high resolution digital elevation model created in 2018, allow for a refined gravity model for the property using a property wide database collected in the 1990's. The cost of this activity of \$146,808 was funded by government grants and refunds of certain previously funded performance bonds.

Further information and results of exploration programs can be found on Sedar and the Company's website. [www.fjordlandex.com](http://www.fjordlandex.com)

### **Milligan West, BC**

The Company has a 43.7% interest in this project in partnership with the operator Serengeti Resources Ltd.

The period under review the operator recommended that the claims be allowed to lapse on their due date. As sufficient work credits existed to allow the retention for some of the claim group closest to the Mt. Milligan mine it was agreed to do so. A map showing the current claims will be posted when received.

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### Interim Period Financial Position

#### (a) Summary of Quarterly Results

	Dec 31 2017 Q4	Mar 31 2018 Q1	Jun 30 2018 Q2	Sep 30 2018 Q3	Dec 31 2018 Q4	Mar 31 2019 Q1	Jun 30 2019 Q2	Sep 30 2019 Q3
Mineral property costs deferred, net	902,631	97,133	(114,045)	148,500	(245,246)	-	(127,283)	21,228
G&A (incl. share-based compensation)	(247,649)	(103,334)	(333,802)	(134,782)	(67,183)	(40,439)	(41,356)	(35,671)
Share-based compensation expense	174,089	52,049	285,114	97,846	5,147	5,148	5,147	-
Adjusted G&A (less share-based comp)	(73,560)	(51,285)	(48,688)	(36,936)	(62,039)	(35,291)	(36,209)	(35,671)
Net loss	(240,736)	(102,945)	(333,802)	(132,181)	(292,954)	(40,244)	(82,522)	(38,469)
Loss per share – basic and diluted	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Weighted average common shares outstanding - basic	47,193,774	47,213,339	47,213,339	47,213,339	47,213,339	47,463,339	47,463,339	47,688,339

#### (b) Operations

During the period under review the Company incurred total general and administrative expenses of \$35,671 (2018 - \$134,781).

Total share-based compensation on options granted and vested during the period ended September 30, 2019 resulted in \$10,295 (2018 - \$435,009) being expensed. Share-based compensation is a non-cash transaction.

Comprehensive loss for the nine-month period ended September 30, 2019 was \$161,235 (2018 - \$568,928).

Exploration expenditures during the period ended September 30, 2019 were \$184,361 (2018 - \$1,289,818), which consisted of \$36,000 (2018 - \$96,500) in acquisition costs, \$148,361 (2018 - \$1,193,318) in exploration costs, \$119,104 (2018 - \$1,158,230) in cost recoveries and \$44,029 (2018 - \$Nil) in property write-downs.

#### (b) Liquidity

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

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 September 30, 2019 the Company had a cash position of \$717,093 and working capital of \$725,591 compared to a cash position of \$800,082 and working capital of \$792,176 at December 31, 2018.

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.

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### **(c) Capital Management**

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

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

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

### **Financing Activities**

None

### **Related Party Transactions**

During the quarter, there were no significant transactions between related parties.

### **Proposed Transactions**

None

### **Risks and Uncertainties Related to the Company's Business**

As of the date of this Management Discussion and Analysis, the Company had no outstanding commitments or uncertainties.

### **Risks Factors**

In our Management Discussion and Analysis filed on SEDAR April 18, 2019 in connection with our annual financial statements (the "Annual MD&A"), we have set out our discussion of the risk factors which we believe are the most significant risks faced by the Company. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

### **New Standards Not Yet Adopted**

The Company has not yet adopted the following new standard and interpretations issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC"):

#### **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and replaces IAS 17. The standard requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company expects the standard will increase assets and related liabilities and increase disclosure.

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### Management Responsibility

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and this Management Discussion and Analysis, is complete and reliable.

### Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

As of the Report Date, the Company had 47,763,339 issued common shares outstanding and the following unexercised stock options and warrants:

### Stock Options

Expiry Date	Exercise Price	Number of Options
September 12, 2022	\$0.55	966,000
June 28, 2023	\$0.165	1,375,000
		2,341,000

## **CORPORATE INFORMATION**

### **DIRECTORS AND OFFICERS**

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

G. Ross McDonald, C.A.  
Director

Peter Krag-Hansen  
Director

Victor A. Tanaka  
Director

Patricia Tanaka  
CFO

Janice Davies  
Corporate Secretary

### **EXECUTIVE OFFICE**

Fjordland Exploration Inc.  
Suite 1100, 1111 Melville Street  
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### **INTERNET**

www.fjordlandex.com  
Email: [info@fjordlandex.com](mailto:info@fjordlandex.com)

### **AUDITORS**

Davidson & Company LLP  
Chartered Professional Accountants  
1200 - 609 Granville Street  
Vancouver, British Columbia V7Y 1G6

### **LEGAL COUNSEL AND REGISTERED OFFICE**

Armstrong Simpson  
Barristers & Solicitors  
Suite 2080, 777 Hornby Street  
Vancouver, British Columbia V6Z 1S4

### **REGISTRAR AND TRANSFER AGENT**

Computershare Trust Company of Canada  
3rd Floor, 510 Burrard Street  
Vancouver, British Columbia V6C 3B9

### **SHARE LISTING**

TSX Venture Exchange  
Symbol: FEX

### **CAPITALIZATION AT SEPTEMBER 30, 2019**

Shares Authorized: Unlimited  
Shares Issued and Outstanding 47,763,339