



**Condensed Interim Financial Statements**  
(Unaudited)  
(Expressed in Canadian Dollars)

**For the Three months ended March 31, 2023**

*Suite 1100 - 1111 Melville Street  
Vancouver, BC V6E 3V6  
Tel: (604) 688-3415*



**Financial Statements**  
**March 31, 2023**  
**(Canadian Funds)**

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**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**FJORDLAND EXPLORATION INC.**  
**Condensed Interim Statements of Financial Position**  
*(Expressed in Canadian Dollars)*

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 649,111	\$ 894,607
Receivables	5	7,305	46,277
Prepaid expenses		13,459	7,101
		<u>669,875</u>	<u>947,985</u>
<b>Non-current</b>			
Deposits	6	55,891	17,491
Mineral properties	7	3,953,446	3,989,277
Right of use asset	8	55,306	65,085
		<u>4,064,643</u>	<u>4,071,853</u>
		<u>\$ 4,734,518</u>	<u>\$ 5,019,838</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9	\$ 63,826	\$ 240,489
Due to operating partner	7(c)	943	592
Lease liability	8	39,338	38,371
		<u>104,107</u>	<u>279,452</u>
<b>Non-current</b>			
Lease liability	8	17,583	27,788
		<u>121,690</u>	<u>307,240</u>
<b>EQUITY</b>			
Share capital	11	22,321,508	22,321,508
Share-based compensation reserve		639,773	639,773
Deficit		(18,348,453)	(18,248,683)
		<u>4,612,828</u>	<u>4,712,598</u>
		<u>\$ 4,734,518</u>	<u>\$ 5,019,838</u>

Nature and continuance of operations (*Note 1*)  
Commitment (*Note 12*)  
Subsequent events (*Note 14*)

Approved and authorized by the Board on May 24, 2023.

On behalf of the Board:

"James Tuer"  
James Tuer

"Victor Tanaka"  
Victor A. Tanaka

**FJORDLAND EXPLORATION INC.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
(Unaudited)  
(Expressed in Canadian Dollars)

	Note	For the three months ended	
		March 31,	
		2023	2022
Expenses			
Accounting and audit fees	10	\$ 15,592	\$ 15,000
Administration fees	10	10,500	10,500
Depreciation	8	9,779	9,779
Filing fees		7,728	8,038
Financing costs	8	1,577	610
Legal fees		889	589
Management fees	10	37,500	37,500
Marketing		6,411	17,972
Office and printing		7,034	2,388
Travel		1,018	1,268
Share-based compensation	11(c)	-	15,200
Transfer agent fees		1,742	1,313
		(99,770)	(120,157)
Net loss and comprehensive loss		\$ (99,770)	\$ (120,157)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		82,935,531	75,332,971

See accompanying notes to the condensed interim financial statements

**FJORDLAND EXPLORATION INC.**  
**Condensed Interim Statements of Cash Flows**  
(Unaudited)  
(Expressed in Canadian Dollars)

	For the three months ended March 31,	
	2023	2022
<b>Cash used for:</b>		
<b>Operating activities</b>		
Net loss	\$ (99,770)	\$ (120,157)
Items not involving cash:		
Depreciation	9,779	9,779
Finance costs	1,577	610
Share-based compensation	-	15,200
Changes in non-cash working capital items:		
Receivables	38,972	(19,516)
Prepaid expenses	(6,358)	(388,024)
Accounts payable and accrued liabilities	(37,386)	(34,494)
Cash used in operating activities	<u>(93,186)</u>	<u>(536,602)</u>
<b>Investing activities</b>		
Recoveries on mineral properties	122,746	-
Acquisition and exploration costs related to mineral properties	(225,841)	(425,886)
Deposits	(38,400)	-
Cash used in investing activities	<u>(141,495)</u>	<u>(425,886)</u>
<b>Financing activities</b>		
Lease payments	(10,815)	(10,815)
Cash used in financing activities	<u>(10,815)</u>	<u>(10,815)</u>
<b>Net decrease in cash</b>	(245,496)	(973,303)
<b>Cash - beginning of the period</b>	894,607	1,725,697
<b>Cash - end of the period</b>	<u>\$ 649,111</u>	<u>\$ 752,394</u>

Supplemental Disclosure with Respect to Cash Flows (Note 13)

**FJORDLAND EXPLORATION INC.**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
*(Expressed in Canadian Dollars)*

	Note	Number of shares	Share capital	Share-based compensation reserve	Deficit	Total equity
<b>Balance as at December 31, 2021 (Audited)</b>		75,284,339	\$ 21,396,013	\$ 1,073,013	\$ (18,237,838)	\$ 4,231,188
Shares issued:						
Mineral properties	11(b)	100,000	8,500	-	-	8,500
Share-based payments	11(c)	-	-	15,200	-	15,200
Net loss and comprehensive loss		-	-	-	(120,157)	(120,157)
<b>Balance as at March 31, 2021 (Unaudited)</b>		75,384,339	21,404,513	1,088,213	(18,357,995)	4,134,731
Shares issued:						
Mineral properties	11(b)	250,000	7,500	-	-	7,500
Private Placements	11(b)	6,901,192	897,155	-	-	897,155
Options exercised	11(c)	400,000	55,600	(27,600)	-	28,000
Reserves transferred on options expired		-	-	(420,840)	420,840	-
Share issuance costs		-	(43,260)	-	-	(43,260)
Net loss and comprehensive loss		-	-	-	(311,528)	(311,528)
<b>Balance as at December 31, 2022 (Audited)</b>		82,935,531	22,321,508	639,773	(18,248,683)	4,712,598
Net loss and comprehensive loss		-	-	-	(99,770)	(99,770)
<b>Balance as at March 31, 2023 (Unaudited)</b>		<b>82,935,531</b>	<b>\$ 22,321,508</b>	<b>\$ 639,773</b>	<b>\$ (18,348,453)</b>	<b>\$ 4,612,828</b>

See accompanying notes to the condensed interim financial statements

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

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

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

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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 Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. As at March 31, 2023, the Company has a deficit of \$18,348,453 (December 31, 2022 - \$18,248,683) and has incurred a loss of \$99,770 for the three-month period ended March 31, 2023. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

From December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and physical distancing, caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The full impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the severity of these developments and the impact on the financial results and condition of the Company in the future.

In February 2022, Russian military forces invaded Ukraine. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. The Company does not have operations within Russia or Ukraine and it is not expected that the conflict will directly impact the Company’s operations. However, the long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain and could adversely affect the Company’s business, operation costs, and financial condition including the Company’s ability to access capital.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).



**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

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**2. BASIS OF PREPARATION (continued)**

**Basis of preparation**

These condensed interim financial statements have been prepared on a historical cost basis, which are stated at fair value through other comprehensive income (loss). In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2022.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2022. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three-month period ended March 31, 2023 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2023.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

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**4. FINANCIAL AND CAPITAL RISK MANAGEMENT**

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

**Credit Risk**

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

The Company's cash is held in major Canadian financial institutions. The Company's receivables consist of GST receivable and a tax credit receivable that are due from government agencies. 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.

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.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

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**5. RECEIVABLES**

The Company's receivables are as follows:

	<b>March 31,</b>		<b>December 31,</b>
	<b>2023</b>		<b>2022</b>
GST receivable	\$ 7,305	\$	20,450
Other receivable	-		25,827
	<u>\$ 7,305</u>	<u>\$</u>	<u>46,277</u>

**6. DEPOSITS**

The Company's deposits are as follows:

	<b>March 31,</b>		<b>December 31,</b>
	<b>2023</b>		<b>2022</b>
Office lease deposit	\$ 7,210	\$	7,210
Exploration deposits	48,681		10,281
	<u>\$ 55,891</u>	<u>\$</u>	<u>17,491</u>

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

(Unaudited)  
(Expressed in Canadian Dollars)

**7. MINERAL PROPERTIES**

A summary of mineral property expenditures is as follows:

	<b>South Voisey's Bay Labrador</b>	<b>Renzy Quebec</b>	<b>Milligan West British Columbia</b>	<b>Witch British Columbia</b>	<b>Kegashka Quebec</b>	<b>Total</b>
<b>Balance as at December 31, 2021 (Audited)</b>	\$ 1,826,877	\$ 778,474	\$ 49,274	\$ 1,157	\$ -	\$ 2,655,782
Government exploration tax credit	(85,889)	(190,704)	(15,171)	-	-	(291,764)
Acquisition costs	17,500	-	-	21,697	-	39,197
Aircraft Charter	494,056	-	-	32,800	-	526,856
Assays	7,239	51,609	924	-	-	59,772
Camp maintenance	-	1,660	-	-	-	1,660
Drilling	84,485	555,077	-	-	-	639,562
Equipment rental	14,408	57,946	-	360	-	72,714
Field equipment	-	15,594	-	-	-	15,594
Field materials and supplies	19,902	149,790	242	-	-	169,934
Freight and courier	1,817	8,726	-	-	-	10,543
Fuel, transportation	97,758	7,001	-	7,394	-	112,153
Geophysics	12,550	51,539	419	5,163	-	69,671
Geology	111,096	350,823	-	22,263	-	484,182
Insurance	-	328	-	-	-	328
Labour	65,338	7,200	1,618	-	-	74,156
License and permits	9,138	9,152	-	1,400	-	19,690
Mobilization	16,758	-	-	-	-	16,758
Phone and internet	-	1,970	-	-	-	1,970
Project supervision charges	1,679	129,436	53	-	-	131,168
Road maintenance	-	18,859	-	-	-	18,859
Storage	-	25,900	-	-	-	25,900
Survey	2,065	-	-	-	-	2,065
Travel, meals, accommodation	84,915	47,102	-	510	-	132,527
Cost recoveries	(1,000,000)	-	-	-	-	(1,000,000)
<b>Balance as at December 31, 2022 (Audited)</b>	1,781,692	2,077,482	37,359	92,744	-	3,989,277
Acquisition costs	-	-	-	-	31,278	31,278
Assays	1,490	17,761	-	-	-	19,251
Field materials and supplies	-	326	-	-	-	326
Freight and courier	75	313	-	-	-	388
Geology	4,550	26,180	-	700	-	31,430
Insurance	-	630	-	-	-	630
Labour	-	-	943	-	-	943
License and permits	1,970	-	-	565	-	2,535
Project supervision charges	-	134	-	-	-	134
Cost recoveries	(122,746)	-	-	-	-	(122,746)
<b>Balance as at March 31, 2023 (Unaudited)</b>	\$ 1,667,031	\$ 2,122,826	\$ 38,302	\$ 94,009	\$ 31,278	\$ 3,953,446

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

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7. **MINERAL PROPERTIES** (continued)

**(a) South Voisey's Bay, Labrador**

In November, 2021, the Company earned into 75% of the South Voisey's Bay nickel project in Labrador under its Memorandum of Understanding ("MOU") and a subsequent Letter of Intent ("LOI") with Commander Resources Ltd. ("Commander"). As described below, Fjordland can earn a 100% interest in the project and also had an agreement with Ivanhoe Electric BC Holdings (formerly HPX BC Holdings Inc.), a subsidiary of Ivanhoe Electric Inc. (together "Ivanhoe") whereby Ivanhoe could earn a 65% interest by completing certain cash and exploration requirements. (See Note 14(a), Subsequent Events)

**Commander Agreement**

The Company entered into a Memorandum of Understanding ("MOU") with Commander in September 2014 as amended November 2014, 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, in June 2017, entered into a Letter of Intent ("LOI") with Commander whereby the Company was granted a series of options (the "SVB Option Agreements") to earn an additional 85% undivided interest in the South Voisey's Bay property by incurring the following cash, exploration expenditures and share issuance:

- i) 20% interest - 200,000 common shares (issued) and \$600,000 (incurred) in exploration expenditures on or before October 31, 2017
- ii) 40% interest - \$10,000 (paid) and 250,000 common shares (issued at a value of \$47,500) on or before July 26, 2018;  
\$15,000 (paid) and 300,000 common shares (issued at a value of \$21,000) on or before July 26, 2019;  
\$25,000 (paid) and 350,000 common shares (issued at a value of \$24,500) on or before July 26, 2020;  
\$40,000 (paid), 400,000 common shares (issued at a value of \$44,000) and \$2,400,000 in exploration expenditures on or before October 31, 2021 (incurred).
- iii) 25% interest - \$200,000, 3,000,000 common shares and \$5,000,000 in exploration expenditures on or before October 31, 2024.

As at March 31, 2023, the Company had earned an aggregate 75% interest in the property.

A 2% net smelter returns royalty ("NSR") will be granted upon exercising the final payment. 1% of the NSR may be repurchased for consideration of \$5,000,000. Upon commencement of commercial production, an advanced royalty payment will be made in the amount of \$10,000,000.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

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**7. MINERAL PROPERTIES (continued)**

**(a) South Voisey's Bay, Labrador (continued)**

**Ivanhoe Agreement**

On September 5, 2017, the Company entered into an agreement with Ivanhoe to fund the Company's commitments under the SVB Option Agreements in return for up to a 65% interest in the project. Under the terms of the agreement, Ivanhoe's subsidiary subscribed by means of a private placement and was issued 14,000,000 units (each unit consisting of one common share and one-half of a warrant) of the Company for proceeds of \$1,400,000. In addition, Ivanhoe was given the option to incur, on behalf of the Company, the balance of the \$8,000,000 commitment, being \$7,400,000 in exploration expenditures under the SVB Option Agreements by October 31, 2024 (\$3,000,000 incurred to March 31, 2023) and to make the \$290,000 in property payments (\$90,000 received to March 31, 2023) as described above. If the cash funding is completed by Ivanhoe on the Company's behalf and the equity issuances are made by the Company under the SVB Option Agreements, the Company will have acquired a 100% interest in the South Voisey's Bay project, and will then assign a 65% project interest to Ivanhoe.

Ivanhoe has the right to nominate two directors if they maintain equity ownership in the Company of between 10-50%, and three directors if greater than 50%.

Ivanhoe also maintains an anti-dilution right, such that they have the right to participate in future financings to maintain their ownership percentage in the Company.

Subsequently on April 17, 2023, the Company received notice from Ivanhoe to terminate the SVB Option Agreement.

**Vulcan Agreement**

On September 23, 2021, the Company entered into an agreement with Vulcan Minerals Inc. ("Vulcan") to acquire a 100% working interest in certain mineral claims located in the South Voisey's Bay area. Under the terms of the agreement, the Company has the option to earn, over a three-year period, its interest by incurring the following cash, share issuance and exploration expenditures:

- i) On signing - \$25,000 (paid) and 600,000 common shares (issued at a value of \$54,000).
- ii) \$10,000 (paid) and 250,000 common shares (issued at a value of \$7,500) on or before October 31, 2022.
- iii) \$10,000 and 250,000 common shares on or before October 31, 2023.
- iv) \$25,000, 250,000 common shares and \$250,000 in exploration expenditures on or before October 31, 2024.

Vulcan reserves a 2% NSR royalty on the claims subject to the Company's ability to buy back 50% of the NSR for \$2,000,000.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

*(Unaudited)*  
*(Expressed in Canadian Dollars)*

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**7. MINERAL PROPERTIES (continued)**

**(b) Renzy, Quebec**

On December 7, 2020, the Company entered into an option agreement with Quebec Precious Metals Corporation ("QPM") whereby the Company may acquire a 100% interest in certain mineral claims known as the Vulcain claims in Hainaut Township, Quebec. Under the terms of the agreement, the Company can earn its interest by paying \$50,000 (paid), issuing 1,000,000 common shares (issued at a value of \$100,000) and incurring exploration expenditures of \$1,000,000 during the five-year option term.

QPM will retain a 1% NSR of which the Company may repurchase 0.5% of the NSR for consideration of \$500,000 and the remaining 0.5% for \$2,500,000. A pre-existing 1% NSR is payable to Jacques Duval and 1% NSR payable to Andre Gauthier of which the Company may repurchase 0.5% for the sum of \$250,000; and the remaining 0.5% for the sum of \$250,000, to each of Gauthier and Duval.

In November 2020, the Company staked additional claims contiguous with the Vulcain claims. In accordance with the option agreement, any property staked within the area of interest will be deemed for all purposes to be part of and comprised in the property.

**(c) Milligan West, British Columbia**

In February 2013, the Company and Northwest Copper Corp. ("NWST") (formerly Serengeti Resources Inc.) consolidated certain claims located in north central British Columbia into the Milligan West project. Initially ownership was shared equally however, as a result of the Company electing not to participate in the 2019 exploration program its interest has been diluted to 42.3%. Effective 2021, the Company elected to contribute its pro-rata share to retain its interest at 42.3%. As a result, the Company had an amount owing to NWST of \$943 as of March 31, 2023 (December 31, 2022 - \$592).

**(d) Witch Project, British Columbia**

On February 8, 2022, the Company acquired a 100% interest in the Witch copper-gold porphyry project located in the Quesnel Trough of central British Columbia.

The Company acquired the core claims from Equity Exploration Consultants Ltd. ("Equity") for 100,000 common shares (issued at a value of \$8,500). The Equity claims are subject to a 1% NSR subject to a one-time reduction of either 0.5% upon the payment of \$4,000,000 or 0.25% upon the payment of \$1,500,000. In February 2022, the Company started additional claims contiguous with the Equity claims.

As of March 31, 2023, the Company had a refundable environmental bond of \$38,400 (December 31, 2022 - \$Nil) recorded in Deposits.

**(e) Kegashka Project, Quebec**

During the three months ended March 31, 2023, the Company staked a new project in Quebec, specializing in exploration of lithium. As of March 31, 2023, the Company had capitalized \$31,278 in acquisition cost related to this Kegashka lithium project.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Three months ended March 31, 2023**

(Unaudited)  
(Expressed in Canadian Dollars)

**8. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

Under IFRS 16 – *Leases*, the Company assesses whether a contract is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

The Company identified a single contract that is a lease as defined under IFRS 16. In analyzing the identified agreements in relation to its head office space in Vancouver, BC, the Company applied the lessee accounting model pursuant to IFRS 16 and considered all of the facts and circumstances surrounding the inception of the contract (but not future events that are not likely to occur). Lease liabilities were calculated with a discount rate of 10%.

The Company terminated the original office lease on August 31, 2022, and entered into a new office lease agreement commencing September 1, 2022 and terminating on August 31, 2024.

A reconciliation of the carrying amount of the lease liability is as follows:

<b>Lease liability</b>		
<b>Balance, December 31, 2021</b>	\$	27,788
Additions		78,123
Lease payments		(43,260)
Lease interest (finance costs)		3,508
<b>Balance, December 31, 2022</b>		66,159
Lease payments		(10,815)
Lease interest (finance costs)		1,577
<b>Balance, March 31, 2023</b>	\$	56,921
<b>Current portion of lease liability</b>	\$	39,338
<b>Non-current portion of lease liability</b>		17,583
	\$	56,921

<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	\$	43,260
One to five years		18,025
	\$	61,285

<b>Right-of-use asset</b>		
<b>Balance, December 31, 2021</b>	\$	25,970
<b>Additions</b>		78,123
Depreciation		(39,008)
<b>Balance, December 31, 2022</b>		65,085
Depreciation		(9,779)
<b>Balance, March 31, 2023</b>	\$	55,306



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**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Trade payables	\$ 51,496	\$ 213,751
Accruals	12,330	26,738
	<u>\$ 63,826</u>	<u>\$ 240,489</u>

**10. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

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 personnel during the three months ended March 31, 2023 and 2022 were as follows:

	<b>Three months ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Administration fees	\$ 10,500	\$ 10,500
Accounting fees	15,000	15,000
Management fees	37,500	37,500
	<u>\$ 63,000</u>	<u>\$ 63,000</u>

During the period ended March 31, 2023, the Company paid rent of \$10,815 and empty office share cost of \$776 (2022 – rent of \$10,815) to a publicly listed company with an officer in common.

		<b>As at March 31, 2023</b>	<b>As at December 31, 2022</b>
<b>Amounts in accounts payable:</b>	<b>Services for:</b>		
A private company controlled by the Chief Executive Officer	Management fees and expense reimbursement	\$ 2,930	\$ 13,736
A private company controlled by the Chief Financial Officer	Accounting and management fees	-	5,250
A private company controlled by the Corporate Secretary	Administration fees and expense reimbursement	-	3,675
<b>Total</b>		<u>\$ 2,930</u>	<u>\$ 22,661</u>
		<b>As at March 31, 2023</b>	<b>As at December 31 2022</b>
<b>Amounts in prepaid expenses:</b>	<b>Services for:</b>		
A publicly listed company with an officer in common	Rent	\$ 3,999	\$ -

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**11. SHARE CAPITAL**

**(a) Authorized**

As at March 31, 2023 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**

During the year ended December 31, 2022, the Company:

- i. On February 15, 2022, the Company issued 100,000 common shares with a fair value of \$8,500 or \$0.085 per share as consideration towards the acquisition of Witch Project (Note 7(d)).
- ii. On April 1, 2022, the Company completed the first tranche of the non-brokered private placement and issued 5,496,192 flow-through shares ("FT Shares") at \$0.13 per FT Share for the total consideration of \$714,505. The Company paid finder's fees of \$41,700.
- iii. On April 25, 2022, the Company completed the final tranche of the non-brokered private placement and issued 1,405,000 FT Shares at \$0.13 per FT Share for the total consideration of \$182,650. The Company paid finder's fees of \$1,560.
- iv. On May 5, 2022, 400,000 options were exercised at an exercise price of \$0.07 and an original fair value of \$0.069 per option, resulting in \$27,600 reallocated to share capital.
- v. On November 16, 2022, the Company issued 250,000 common shares with a fair value of \$7,500 or \$0.03 per share as consideration towards the acquisition of mineral property in South Voisey's Bay area (Note 7(a) Vulcan Agreement).

**(c) Stock Options**

In June 2022, the Company received shareholder approval for a new omnibus share incentive plan. Stock options are granted to directors, officers and consultants. The vesting period for stock options is at the discretion of the Board of Directors. The exercise price is set by the Board of Directors at the time of grant and shall not be set at less than the market value on the date of grant, less any discount permitted by the Exchange.

A continuity of stock options for the three months ended March 31, 2023 is as follows:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>December 31, 2022</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired / forfeited</b>	<b>March 31, 2023</b>
June 28, 2023	0.165	1,125,000	-	-	-	1,125,000
June 5, 2025	0.07	1,825,000	-	-	-	1,825,000
August 5, 2025	0.07	500,000	-	-	-	500,000
January 12, 2026	0.105	300,000	-	-	-	300,000
April 22, 2026	0.125	1,150,000	-	-	-	1,150,000
June 1, 2026	0.125	100,000	-	-	-	100,000
August 26, 2026	0.125	1,025,000	-	-	-	1,025,000
January 25, 2027	0.10	100,000	-	-	-	100,000
Options outstanding		6,125,000	-	-	-	6,125,000
Options exercisable		6,125,000	-	-	-	6,125,000
Weighted average exercise price (\$)		\$ 0.11	\$ -	\$ -	\$ -	\$ 0.11

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**11. SHARE CAPITAL** (continued)

**(c) Stock Options** (continued)

As at March 31, 2023, the weighted average contractual remaining life of options is 2.28 years (December 31, 2022 – 2.53 years).

A continuity of stock options for the year ended December 31, 2022 is as follows:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>December 31, 2021</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired / forfeited</b>	<b>December 31, 2022</b>
September 2, 2022	0.55	766,000	-	-	(766,000)	-
June 28, 2023	0.165	1,125,000	-	-	-	1,125,000
June 5, 2025	0.07	2,225,000	-	(400,000)	-	1,825,000
August 5, 2025	0.07	500,000	-	-	-	500,000
January 12, 2026	0.11	300,000	-	-	-	300,000
April 22, 2026	0.13	1,150,000	-	-	-	1,150,000
June 1, 2026	0.125	100,000	-	-	-	100,000
August 26, 2026	0.125	1,025,000	-	-	-	1,025,000
January 25, 2027	0.10	-	100,000	-	-	100,000
Options outstanding		7,191,000	100,000	(400,000)	(766,000)	6,125,000
Options exercisable		7,103,500	100,000	(400,000)	(766,000)	6,125,000
Weighted average exercise price (\$)		\$ 0.15	\$ 0.100	\$ 0.07	\$ 0.55	\$ 0.11

The following table summarizes the assumptions used in the Black-Scholes option-pricing model to estimate the fair value of the options:

	<b>2023</b>	<b>2022</b>
Risk-free interest rate	N/A	1.56%
Expected stock price volatility	N/A	130.66%
Expected option life in years	N/A	5 years
Expected dividend yield	N/A	Nil
Forfeiture rate	N/A	0.00%
Share price on grant date	N/A	\$0.10

Subsequently on April 27, 2023, the Company granted 2,075,000 options under the Company's stock option plan to its directors, officers, and advisors (Note 14(b)).

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**11. SHARE CAPITAL (continued)**

**(d) Warrants**

A continuity of warrants for the three months ended March 31, 2023 is as follows:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>December 31, 2022</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>March 31, 2023</b>		
August 12, 2024 <sup>(1)</sup>	0.12	12,585,500	-	-	(85,500)	12,500,000		
Warrants outstanding		12,585,500	-	-	(85,500)	12,500,000		
Weighted average exercise price (\$)	\$	0.175	\$	-	\$	0.175	\$	0.12

As at March 31, 2023, the weighted average contractual remaining life of warrants is 1.37 years (December 31, 2022 – 0.12 years).

- (1) On January 26, 2023, the Exchange approved the Company extending the expiry date of 12,500,000 share purchase warrants with an original expiry date of February 12, 2023, by 18 months, to August 12, 2024. Each warrant with an original exercise price of \$0.175 was repriced to \$0.12, entitles the holder thereof to acquire one common share of the Company at a price of \$0.12 per common share. The remaining 85,500 finder's warrants with the original expiry date of February 12, 2023 could not be amended under the Exchange policies and expired on February 12, 2023.

A continuity of warrants for the years ended December 31, 2022 is as follows:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>December 31, 2021</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>December 31, 2022</b>		
February 12, 2023	0.175	12,585,500	-	-	-	12,585,500		
Warrants outstanding		12,585,500	-	-	-	12,585,500		
Weighted average exercise price (\$)	\$	0.175	\$	-	\$	-	\$	0.175

**12. COMMITMENT**

The Company has remaining commitment of \$61,285 for its office lease expiring on August 31, 2024 (Note 8) payable as to \$43,260 within the next twelve months, and \$18,025 during the period from April 1, 2024 to August 31, 2024.

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**13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The Company had non-cash transactions as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
Significant non-cash investing and financing activities:	<b>2023</b>	<b>2022</b>
Investing activities		
Mineral properties expenditures included in accounts payable and accrued liabilities and due to operating partner	\$ 50,923	\$ 537,232
Shares issued for mineral properties	-	8,500

**14. SUBSEQUENT EVENTS**

- a) On April 17, 2023, the Company received notice from Ivanhoe to terminate the SVB Option Agreement, effective immediately. Mark Gibson, Ivanhoe's Chief Operating Officer, resigned from the Company's Board of Directors pursuant to the termination of the SVB Option Agreement (Note 7(a)).
- b) On April 27, 2023, the Company granted 2,075,000 options under the Company's stock option plan to its directors, officers, and advisors, with each option representing the right to receive one common share of the Company. The options are exercisable at a price of \$0.06 per share for a period of 5 years vesting immediately, and are subject to the policies of the Exchange and the Company's stock option plan (Note 11(c)).
- c) On April 27, 2023, Scott Broughton joined the Board of Directors of the Company.