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

## For the Three Months Ended March 31, 2017

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**Financial Statements**
**March 31, 2017**
**(Canadian Funds)**

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## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Fjordland Exploration Inc. ("the Company" or "Fjordland"), for the three months ended March 31, 2017, have been prepared by management and have not been the subject of a review by the Company's Independent auditor.

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

| | Note | **March 31, 2017** | December 31, 2016 (Audited) |
|---|---|---|---|
| **Assets** | | | |
| **Current** | | | |
| Cash | | $ 173,158 | $ 204,394 |
| Receivables | 5 | 1,514 | 1,834 |
| Prepaids | | - | 139 |
| | | 174,672 | 206,367 |
| **Project Advance** | 8(a) | 18,630 | 18,630 |
| **Mineral Properties** | 8 | 380,833 | 380,833 |
| **Deposits** | 7 | 3,050 | 3,050 |
| **Equipment** | 6 | 1,395 | 1,502 |
| | | $ 578,580 | $ 610,382 |
| **Liabilities** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | 9, 10 | $ 18,868 | $ 20,383 |
| Loans | 10, 11 | 208,274 | 203,341 |
| | | 227,142 | 223,724 |
| **Shareholders' equity** | | | |
| **Share Capital** | 12 | 15,820,888 | 15,820,888 |
| **Share-based Payments Reserve** | | 308,108 | 308,108 |
| **Deficit** | | (15,777,558) | (15,742,338) |
| | | 351,438 | 386,658 |
| | | $ 578,580 | $ 610,382 |

Nature and continuance of operations *(Note 1)*
Subsequent events *(Note 13)*

Approved and authorized by the Board on May 11, 2017

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

*See accompanying notes to the condensed interim financial statements*

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

| | Note | Three Months Ended March 31, 2017 | Three Months Ended March 31, 2016 |
|---|---|---|---|
| **General and administrative expenses** | | | |
| Accounting and audit | | $ 9,000 | $ 9,000 |
| Administration fees | 10 | 9,000 | 9,000 |
| Depreciation | 6 | 107 | 151 |
| Filing fees | | 5,400 | 7,475 |
| Legal | | 183 | 160 |
| Office and printing | | 487 | 1,628 |
| Rent | | 4,762 | 3,131 |
| Marketing | | - | - |
| Share-based compensation | 10, 12(d) | - | 3,898 |
| Transfer agent fees | | 1,081 | 932 |
| Wages and benefits | | 268 | 191 |
| **Loss before other items** | | (30,288) | (35,566) |
| **Other items** | | | |
| Financing expenses and interest on loans payable | 10, 11 | (4,932) | (14,849) |
| **Loss and comprehensive loss for the period** | | $ (35,220) | $ (50,415) |
| **Basic and diluted loss per share** | | $ 0.00 | $ 0.00 |
| **Weighted Average Shares Outstanding** | | 103,781,915 | 93,781,294 |

*See accompanying notes to the condensed interim financial statements*

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

| | Three Months Ended March 31, 2017 | Three Months Ended March 31, 2016 |
|---|---|---|
| **Cash provided by (used for):** | | |
| **Operating activities** | | |
| Loss for the period | $ (35,220) | $ (50,415) |
| Items not affecting cash: | | |
| Deprecation | 107 | 151 |
| Financing expenses and interest on loans payable | 4,933 | 14,849 |
| Share-based compensation | - | 3,898 |
| Net change in non-cash working capital | | |
| Receivables | 320 | (72) |
| Prepaid expenses | 139 | 136 |
| Accounts payable | (1,515) | (25,062) |
| | (31,236) | (56,515) |
| **Investing activities** | | |
| Acquisition and exploration costs related to mineral properties | - | 31,794 |
| | - | 31,794 |
| **Financing activities** | | |
| Shares issued for cash | - | 25,000 |
| | - | 25,000 |
| **Change in cash** | (31,236) | 279 |
| **Cash position - beginning of period** | 204,394 | 7,055 |
| **Cash position - end of period** | $ 173,158 | $ 7,334 |

| | | |
|---|---|---|
| Income taxes paid | $ - | $ - |
| Interest paid | $ - | $ - |

# FJORDLAND EXPLORATION INC.
## Condensed Interim Statements of Shareholders' Equity
## For the Periods Ended March 31
*(Unaudited)*
*(Expressed in Canadian Dollars)*

| | Share Capital | | Share-based Compensation | | Total Shareholder's |
|---|---|---|---|---|---|
| | No. of Shares | Amount | Reserve | Deficit | Equity |
| Balance, December 31, 2015 | 93,660,415 | $15,181,324 | $274,876 | $(15,299,475) | $156,725 |
| Shares issued for cash | | | | | |
| Exercise of warrants | 500,000 | 25,000 | - | - | 25,000 |
| Share-based compensation | - | - | 3,898 | - | 3,898 |
| Loss for the period | - | - | - | (50,415) | (50,415) |
| Balance, March 31, 2016 | 94,160,415 | $15,206,324 | $278,774 | $(15,349,890) | $135,208 |

| | Share Capital | | Share-based Compensation | | Total Shareholder's |
|---|---|---|---|---|---|
| | No. of Shares | Amount | Reserve | Deficit | Equity |
| Balance, December 31, 2016 | 103,781,915 | $15,820,888 | $308,108 | $(15,742,338) | $386,658 |
| Loss for the period | - | - | - | (35,220) | (35,220) |
| Balance, March 31, 2017 | 103,781,915 | $15,820,888 | $308,108 | $(15,777,558) | $351,438 |

*See accompanying notes to the condensed interim financial statements*

## 1. NATURE OF 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. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

## 2. STATEMENT OF COMPLIANCE

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The 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 May 11, 2017.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Presentation

The condensed interim 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.

### (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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Use of Estimates and Judgment (continued)

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

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

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

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

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

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

ii) Valuation of share-based payments

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

iii) Income taxes

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

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

### (c) Segmented information

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### (e) New Standards Not Yet Adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but are not yet effective at March 31, 2017:

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 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.

## 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.

## 4. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

### Foreign Exchange Risk

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

### Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as shareholder's equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

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

## 5. RECEIVABLES

The Company's receivables are as follows:

| | | March 31, 2017 | December 31, 2016 |
|---|---|---|---|
| GST receivable | $ | 1,514 | 1,834 |
| | $ | 1,514 | 1,834 |

## 6. EQUIPMENT

| | Furniture and fixtures | Office equipment | Total |
|---|---|---|---|
| **Cost** | | | |
| Balance, December 31, 2016 | $6,161 | $42,039 | $48,200 |
| Additions | - | - | - |
| Disposals | - | - | - |
| **Balance, March 31, 2017** | $6,161 | $42,039 | $48,200 |
| **Accumulated depreciation** | | | |
| Balance, December 31, 2016 | $5,936 | $40,762 | $46,698 |
| Depreciation | 11 | 96 | 107 |
| **Balance, March 31, 2017** | $5,947 | $40,858 | $46,805 |
| **Carrying amounts** | | | |
| As at December 31, 2016 | $225 | $1,277 | $1,502 |
| As at March 31, 2017 | $214 | $1,181 | $1,395 |

## 7. DEPOSITS

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| Office lease deposit | $ 3,050 | 3,050 |
| | $ 3,050 | 3,050 |

## 8. MINERAL PROPERTIES

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) 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 March 31, 2017 of $18,630 (2016 - $29,923).

## 8. MINERAL PROPERTIES (continued)

### (b) 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.

As at March 31, 2017, the Company has a 43.7% interest in the project.

### (c) Northwestern Athabasca Basin, Saskatchewan

i) In March and May 2016, the Company staked mineral claims in the Northwest Athabasca Basin, Saskatchewan at a cost of $50,961.

ii) On May 20, 2016, the Company entered into an option agreement with CanAlaska Uranium Ltd ("CanAlaska"), whereby the Company was granted the option to purchase a 100% interest in two claim groups in the Northwest Athabasca Basin, Saskatchewan.

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.

The Company terminated the option agreement in April 2017 and has written-down $245,000 of acquisition costs as at December 31, 2016.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

| | March 31, 2016 | December 31, 2016 |
|---|---|---|
| Trades payable | 2,618 | 4,133 |
| Accruals | 16,250 | 16,250 |
| | 18,868 | 20,383 |

## 10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

**(a)** Loans

i) The Company received $150,000 from a corporation controlled by a director of the Company, and issued 600,000 common shares valued at $30,000 as bonus shares to this corporation.

ii) At March 31, 2017, principal of $150,000 (2016 - $150,000) and interest of $6,205 (2016 - $13,068) was owed to a corporation controlled by a director of the Company (Note 11).

## 10. RELATED PARTY TRANSACTIONS (continued)

**(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 three months ended March 31, 2017 and 2016 were as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Administration fees | $ | 9,000 | $ | 9,000 |
| Share-based compensation | | - | | 3,309 |
| | $ | 9,000 | $ | 12,309 |

**(c)** Other

i) The Company incurred accounting fees of $9,000 (2016 - $9,000) charged by a spouse of a director, and share-based compensation of $NIl (2016- $589) to the spouse.

ii) Included in accounts payables is $Nil (2016 - $9,450) owed to an officer of the Company.

## 11. Loans

On May 18, 2015, the Company completed loan arrangements and issued promissory notes (“Notes”) for $200,000. The Notes bear interest of 10% per annum and matured on May 17, 2016. In connection with the Notes, the Company, as a bonus to the lenders, issued an 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.

On October 31, 2016, the Company paid interest of $29,098.

At March 31, 2017, the Company had principal of $200,000 and interest of $8,274 owing to the lenders, (Note 10(a)).

| | | |
|---|---|---|
| Balance, December 31, 2016 | $ | 203,341 |
| Financing expenses and interest | | 4,933 |
| Balance, March 31, 2017 | $ | 208,274 |

Subsequent to the period ended March 31, 2017, the Notes were extended to November 20, 2017.

## 12. SHARE CAPITAL

### (a) Authorized

As at March 31, 2017, 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 March 10, 2016, the Company issued 500,000 common shares on the exercise of warrants for proceeds of $25,000.

## 12. SHARE CAPITAL (continued)

### (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 2016, the Company received shareholder approval to grant up to 16,529,856 common shares under the Company's Stock Option Plan.

Stock option transactions are summarized as follows:

| | March 31, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Outstanding at beginning of period | 11,145,000 | $0.05 | 12,045,000 | $0.05 |
| Granted | - | - | 200,000 | $0.125 |
| Exercised | - | - | (1,100,000) | $0.05 |
| Outstanding at end of period | 11,145,000 | $0.05 | 11,145,000 | $0.05 |

As at March 31, 2017, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

| Number of Shares | Exercisable | Expiry Date | Exercise Price |
|---|---|---|---|
| 6,350,000 | 6,350,000 | August 2, 2018 | $0.05 |
| 4,595,000 | 4,595,000 | September 16, 2019 | $0.05 |
| 200,000 | 100,000 | September 8, 2017 | $0.125 |
| 11,145,000 | 1,045,000 | | |

No options were granted in the periods ended March 31, 2017 and 2016. Total share-based compensation expense recognized for the options that vested during the period was $Nil (2016 - $3,898).

### (d) Warrants

| Exercise Price | Expiry Date | Outstanding at December 31, 2016 | Warrants Issued | Warrants Exercised | Warrants Expired | Outstanding at March 31, 2017 |
|---|---|---|---|---|---|---|
| $0.05 | October 23, 2017 | 3,500,000 | - | - | - | 3,500,000 |
| $0.05 | October 31, 2017 | 1,800,000 | - | - | - | 1,800,000 |
| $0.05 | January 6, 2018 | 1,711,133 | - | | | 1,711,133 |
| $0.05 | September 27, 2017 | 2,545,500 | - | - | - | 2,545,500 |
| | | 9,556,633 | - | - | - | 9,556,633 |

The weighted average exercise price of outstanding warrants is $0.08 (2015 - $0.05).

## 13. SUBSEQUENT EVENTS

The Company had the following subsequent event:

Subsequent to the period March 31, 2017, the Company granted 750,000 stock options at an exercise price of $0.07, exercisable at any time up to April 10, 2022.