Condensed Interim Financial Statements

(Unaudited)
(Expressed in Canadian Dollars)

For the Six Months Ended June 30, 2018

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Financial Statements
June 30, 20189
(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 six months ended June 30, 2018, 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	**June 30, 2018**	December 31, 2017 (Audited)
Assets			
Current			
Cash		$ 1,266,324	$ 1,029,097
Receivables	5	15,618	142,277
Prepaids		5,083	20,478
		1,287,025	1,191,852
Project Advance	8(a)	145,000	100,000
Mineral Properties	8	1,735,752	1,752,664
Deposits	7	98,914	84,190
Equipment	6	922	1,074
		$ 3,267,613	$ 3,129,780
Liabilities			
Current			
Accounts payable and accrued liabilities	9	$ 30,678	$ 224,598
Advance – HPX BC Holdings Ltd	8(a)	431,336	
		462,014	224,598
Shareholders' equity			
Share Capital	11	18,575,365	18,575,365
Share-based compensation reserve		927,267	614,915
Deficit		(16,697,033)	(16,285,098)
		2,805,599	2,905,182
		$ 3,267,613	$ 3,129,780

Approved and authorized by the Board on August 15, 2018

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)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
General and administrative expenses				
Accounting and audit	$ 14,500	$ 9,280	$ 23,500	$ 18,280
Administration fees	9,000	9,000	18,000	18,000
Depreciation	76	107	152	214
Filing fees	131	7,675	8,210	13,074
Legal fees	1,513	-	2,458	183
Office and printing	4,469	4,703	6,101	5,190
Rent	5,175	4,775	10,550	9,537
Marketing	12,766	2,351	26,601	2,351
Share-based compensation	285,114	35,491	337,163	35,491
Transfer fees	686	1,263	3,200	2,344
Wages and benefits	372	219	1,201	487
Loss before other items	(333,802)	(74,864)	(437,136)	(105,151)
Other items				
Operator fees	-	-	390	-
Financing expenses and interest on loan	-	(4,986)	-	(9,919)
Loss and comprehensive loss for the period	$ (333,802)	$ (79,850)	$ (436,746)	$ (115,070)
Basic and diluted loss per share	$ (0.01)	$ 0.00	$ (0.01)	$ (0.01)
Weighted average shares outstanding	47,213,339	20,756,383	47,213,339	20,756,383

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 June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Cash provided by (used for):				
Operating activities				
Loss for the period	$ (333,802)	$ (79,850)	$ (436,746)	$ (115,070)
Items not affecting cash:				
Depreciation	76	107	152	214
Financing expenses and interest on loan payable	-	4,986	-	9,919
Share-based payments	285,114	35,491	337,163	35,491
Net change in non-cash working capital				
Receivable	134,693	(1,288)	126,659	(968)
Prepaid expenses	7,625	(4,125)	15,395	(3,986)
Project advance	(45,000)	-	(45,000)	-
Accounts payable	(21,251)	(13,782)	(21,784)	(15,297)
	27,455	(58,461)	(24,161)	(89,697)
Investing activities				
Advance – HPX BC Holdings Ltd	431,336	-	431,336	-
Recoveries mineral properties	168,664	-	168,664	-
Acquisition and exploration costs related to mineral properties	(48,544)	(4,701)	(323,888)	(4,701)
Deposits	(14,724)	-	(14,724)	-
	536,732	(4,701)	261,388	(4,701)
Financing activities				
Shares issued for cash	-	-	-	-
	-	-	-	-
Change in cash	564,187	(63,162)	237,227	(94,398)
Cash position - beginning of period	702,137	173,158	1,029,097	204,394
Cash position - end of period	$ 1,266,324	$ 109,996	$ 1,266,324	$ 109,996
Income taxes paid	$ -	$ -	$ -	$ -
Interest paid	$ -	$ 4,986	$ -	$ 9,919

Supplemental Disclosure with Respect to Cash Flows *(Note 12)*

FJORDLAND EXPLORATION INC.
Condensed Interim Statements of Shareholders' Equity
For the Periods Ended June 30
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital		Share-based Compensation		Total Shareholder's
	No. of Shares	Amount	Reserve	Deficit	Equity
Balance, December 31, 2016	20,756,383	$15,820,888	$308,108	$(15,742,338)	$386,658
Share-based compensation	-	-	35,491	-	35,491
Loss for the period	-	-	-	(115,070)	(115,070)
Balance, June 30, 2017	20,756,383	$15,820,888	$343,599	$(15,857,408)	$307,079

	Share Capital		Share-based Compensation		Total Shareholder's
	No. of Shares	Amount	Reserve	Deficit	Equity
Balance, December 31, 2017	47,213,339	$18,575,365	$614,915	$(16,285,098)	$2,905,182
Issued for other consideration					
Transfer to deficit on expiry of options	-	-	(24,811)	24,811	-
Share-based compensation	-	-	337,163	-	337,163
Loss for the period	-	-	-	(436,746)	(436,746)
Balance, June 30, 2018	47,213,339	$18,575,365	$927,267	$(16,697,033)	$2,805,599

See accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

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.

On June 21, 2017, the Company consolidated its share capital on a 5:1 basis. All shares and per share amounts have been restated to reflect the share consolidation.

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 August 15, 2018.

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, 2018

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

(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 June 30, 2018:

i) FRS 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 expects these new accounting standards will have no significant impact on the financial statements other than increased note disclosure.

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:

	June 30, 2018	December 31, 2017
GST receivable	$ 15,618	$ 142,277
	$ 15,618	$ 142,277

6. EQUIPMENT

	Furniture and fixtures	Office equipment	Total
Cost			
Balance, December 31, 2017	$6,161	$42,039	$48,200
Additions	-	-	-
Disposals	-	-	-
Balance, June 30, 2018	$6,161	$42,039	$48,200
Accumulated depreciation			
Balance, December 31, 2017	$5,981	$41,145	$47,126
Depreciation	18	134	152
Balance, June 30, 2018	$5,999	$41,279	$47,278
Carrying amounts			
As at December 31, 2017	$180	$894	$1,074
As at June 30, 2018	$162	$760	$ 922

7. DEPOSITS

	June 30, 2017	December 31, 2017
Office lease deposit	$ 3,050	$ 3,050
Exploration deposits	95,864	81,140
	$ 98,914	$ 84,190

8. MINERAL PROPERTIES

	Milligan West BC	South Voisey's Bay LB	Total
Cost			
Balance December 31, 2017	$192,912	$1,559,752	$1,752,664
Additions:			
Acquisition costs	-	19,000	19,000
Permitting	-	1,330	1,330
Administration	-	3,333	3,333
Drilling	-	49,844	49,844
Geology	-	51,200	51,200
Geophysics	-	26,400	26,400
First Nations		625	625
Option payments		(168,664)	(168,664)
Balance, June 30, 2018	$192,912	$1,542,840	$1,735,752

8. MINERAL PROPERTIES (continued)

(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, in June 2017, entered into a Memorandum of Understanding ("MOU") with Commander Resources Ltd ("Commander") whereby the Company was granted a series of options to earn an additional 85% undivided interest in the South Voisey's Bay property.

Under the terms of the agreement, the Company can earn its interest by incurring the following cash, exploration expenditures and share issuance:

i) 20% interest - 200,000 common shares (issued) and $600,000 in exploration expenditures on or before October 31, 2017

ii) 40% interest - $10,000 and 250,000 common shares on or before July 26, 2018
$15,000 and 300,000 common shares on or before July 26, 2019
$25,000 and 350,000 common shares on or before July 26, 2020
$40,000, 400,000 common shares and $2,400,000 in exploration expenditures on or before October 31, 2021

iii) 25% interest $200,000, 3,000,000 common shares and $5,000,000 in exploration expenditures on or before October 31, 2024.

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.

On September 5, 2017 the Company entered into an agreement with HPX BC Holdings Ltd. ("HPX"), an affiliate of Ivanhoe Industries, LLC. Under the terms of the agreement, HPX has subscribed by means of a private placement and has been issued 14,000,000 units of the Company for proceeds of $1,400,000. In addition, HPX has the option to incur, on behalf of the Company, $7,400,000 in exploration expenditures and to make $290,000 of property payments. If the funding is completed and the Company acquires a 100% interest in the South Voisey's Bay project, the Company has agreed to assign a 65% project interest to HPX.

As at December 31, 2017, the Company has earned an additional 20% interest in the property having issued 200,000 common shares and expended $600,000 in exploration cost, and has a total interest earned of 35%.

HPX may also nominate two directors if they maintain equity ownership of between 10-50%, and three directors if greater than 50%.

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

8. MINERAL PROPERTIES (continued)

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

On March 26, 2018, the Company signed a Letter of Intent with Vulcan Minerals Inc. ("Vulcan") granting the Company the option to acquire a 65% interest in 30 mining claims located in the South Voisey's area, Labrador. Under the terms of the agreement, the Company has the option to pay to Vulcan $45,000 (paid - $10,000) and incur $150,000 in exploration expenditures over a period of three years. If the option is exercised a joint venture will be formed whereby Vulcan will be carried for 100% of its joint venture expenditures on the claims until Fjordland either earns its full interest from Commander Resources Ltd. ("Commander") on surrounding contiguous lands or by expending a minimum expenditure of $7 million on those lands.

On March 28, 2018 the Company signed a Letter of Intent with Unity Resources Inc. ("Unity") granting the Company the option to acquire a 65% interest in one mining claim located in the South Voisey's area, Labrador. Under the terms of the agreement, the Company has the option to pay to Unity $36,000 (paid - $9,000) and incur $75,000 in exploration expenditures over a period of three years. If the option is exercised a joint venture will be formed whereby Unity will be carried for 100% of its joint venture expenditures on the claims until Fjordland either earns its full interest from Commander Resources Ltd. ("Commander") on surrounding contiguous lands or by expending a minimum expenditure of $7 million on those lands.

As at June 30, 2018, the Company advanced $145,000 (2016 - $Nil) in payments for the 2018 drill program.

(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. Initially ownership was shared equally, however as a result of the Company electing not to participate in the 2016 exploration program it's interest has been diluted to 43.7%.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		June 30, 2018		December 31, 2017
Trades payable	$	27,250	$	192,248
Accruals		2,250		22,250
Related parties payable		1,178		10,100
	$	30,678	$	224,598

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 person during the six months ended June 30, 2018 and 2017 were as follows:

			2017		2017
Administration fees	$	$	18,000	$	18,000
Accounting fees			18,000		18,000
Share-based payments			221,038		-
	$	$	257,038	$	36,000

Amounts due to related parties are included in accounts payable (Note 9), are unsecured and non-interest bearing.

11. SHARE CAPITAL

(a) Authorized

As at June 30, 2018, 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) 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 June 2018, the Company received shareholder approval for a 10% Rolling Stock Option Plan.

Stock option transactions are summarized as follows:

	June 30, 2018		**December 31, 2017**	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	3,305,000	$0.34	2,229,000	$0.26
Granted	1,375,000	$0.165	1,116,000	$0.25
Expired/Forfeited	(150,000)	$0.35	(40,000)	$0.63
Outstanding at end of period	4,530,000	$0.26	3,305,000	$0.34

11. SHARE CAPITAL (continued)

(c) Stock Options (continued)

As at June 30, 2018, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Options	Exercisable	Expiry Date	Exercise Price
1,270,000	1,270,000	August 2, 2018	$0.25
919,000	919,000	September 16, 2019	$0.25
966,000	483,000	September 12, 2022	$0.55
1,375,000	1,250,000	June 28, 2023	$0.165
4,530,000	3,922,000		

The fair value of options granted on the date was $226,480 (2017 - $24,811) or $0.17 (2017 - $0.15) per option. Total share-based compensation expense recognized for the options that vested during the period was $337,163 (2017 - $35,491).

The fair value of the options granted during the period were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2018	2017
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	278.7%	183.49%
Risk-free interest rate	2.01%	1.12%
Forfeiture rate	0.00%	0.00%
Expected life of options	5 year	5 year

(d) Warrants

Exercise Price	Expiry Date	Outstanding at December 31, 2017	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at June 30, 2018
$0.20	February 18, 2019	3,875,000	-	-	-	3,875,000
$0.20	March 11,2019	1,483,000	-	-	-	1,483,000
$0.20	March 27, 2019	7,000,000	-	-	-	7,000,000
		12,358,000				12,358,000
	Weighted average	$0.20	-	-	-	$0.20

12 SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

		2018		2017
Significant non-cash investing and financing activities:				
Investing activities				
Mineral properties expenditures included in accounts payable and accrued liabilities	$	25,948	$	2,934
Financing activities				
Expiration of options and warrants	$	24,811	$	-

13. SUBSEQUENT EVENTS

The Company had the following subsequent event:

South Voisey's Bay

On July 4, 2018, the Company made an option payment of $10,000 and issued 250,000 common shares to Commander Resources under the terms of the Letter of Intent dated June 2, 2016 as amended on September 5, 2017. (Note 8(a))