



## **ANNUAL REPORT**

**December 31, 2020**

*1100, 1111 Melville Street  
Vancouver, BC V6E 3V6  
Tel: (604) 893-8365  
Fax: (604) 484-7143*



**December 31, 2020  
(Canadian Funds)**

<b><u>Index</u></b>	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statements of Financial Position	1
Statements of Loss and Comprehensive Loss	2
Statements of Cash Flows	3
Statements of Changes in Shareholders' Equity	4
Notes to Financial Statements	5-22

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Fjordland Exploration Inc.

### *Opinion*

We have audited the accompanying financial statements of Fjordland Exploration Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.



Vancouver, Canada

Chartered Professional Accountants

March 16, 2021

**FJORDLAND EXPLORATION INC.**  
**Statements of Financial Position**  
**December 31**  
*(Expressed in Canadian Dollars)*

	Note	2020	2019
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 310,690	\$ 685,964
Receivables	5	4,410	38,232
Prepays		155	155
		315,255	724,351
<b>Deposits</b>	6	17,491	15,191
<b>Mineral Properties</b>	7	1,962,106	1,634,590
<b>Right of Use Asset</b>	8	65,085	14,122
		\$ 2,359,937	\$ 2,388,254
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9	\$ 27,874	\$ 27,066
Lease liability	8	38,371	15,069
		66,245	42,135
<b>Lease Liability</b>	8	27,788	-
		94,033	42,135
<b>Shareholders' Equity</b>			
<b>Share Capital</b>	11	18,857,708	18,673,208
<b>Share-based Payments Reserve</b>		792,571	757,228
<b>Deficit</b>		(17,384,375)	(17,084,317)
		2,265,904	2,346,119
		\$ 2,359,937	\$ 2,388,254

Nature and continuance of operations (*Note 1*)  
Commitment (*Note 13*)  
Subsequent events (*Note 15*)

Approved and authorized by the Board on March 16, 2021

On behalf of the Board:

"James Tuer"  
James Tuer

"Victor Tanaka"  
Victor A. Tanaka

See accompanying notes to the financial statements

**FJORDLAND EXPLORATION INC.**  
**Statements of Loss and Comprehensive Loss**  
**For the Years Ended December 31**  
*(Expressed in Canadian Dollars)*

	Note	2020	2019
<b>General and administrative expenses</b>			
Accounting and audit	10	\$ 56,244	\$ 58,000
Administration fees	10	38,400	36,000
Depreciation	8	27,160	21,756
Filing fees		13,439	6,459
Financing costs	8	3,027	2,651
Legal fees		6,978	502
Marketing		28,678	20,067
Management fees	10	62,500	-
Office and printing		18,067	9,243
Rent		5,955	3,631
Share-based compensation	10,11(c)	186,398	10,295
Transfer agent fees		3,049	2,967
Wages and benefits		1,218	792
		(451,113)	(172,363)
Operator fees		-	260
Mineral properties written-down	7	-	(44,029)
<b>Loss and comprehensive loss for the year</b>		\$ (451,113)	\$ (216,132)
<b>Basic and diluted loss per share</b>		\$ (0.01)	\$ (0.00)
<b>Weighted average shares outstanding</b>		48,555,142	47,595,668

See accompanying notes to the financial statements

**FJORDLAND EXPLORATION INC.****Statements of Cash Flows****For the Years Ended December 31***(Expressed in Canadian Dollars)*

	2020	2019
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss for the year	\$ (451,113)	\$ (216,132)
Items not affecting cash:		
Depreciation	27,160	21,756
Finance costs	3,027	2,651
Share-based compensation	186,398	10,295
Mineral properties written-down	-	44,029
Net change in non-cash working capital:		
Receivables	33,822	30,169
Prepaid expenses	-	(4)
Accounts payable	743	(4,277)
	(199,963)	(111,513)
<b>Investing activities</b>		
Recoveries mineral properties	25,000	112,875
Acquisition and exploration costs related to mineral properties	(167,951)	(176,603)
Deposits	(2,300)	84,583
Lease payments	(30,060)	(23,460)
	(175,311)	2,605
<b>Change in cash</b>	(375,274)	(114,118)
<b>Cash position - beginning of year</b>	685,964	800,082
<b>Cash position - end of year</b>	\$ 310,690	\$ 685,964
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

Supplemental Disclosure with Respect to Cash Flows *(Note 14)*

**FJORDLAND EXPLORATION INC.**  
**Statements of Changes in Shareholders' Equity**  
**For the Years Ended December 31**

*(Expressed in Canadian Dollars)*

	Share Capital		Share-based Compensation	Deficit	Total Shareholder's Equity
	No. of Shares	Amount	Reserve		
<b>Balance, December 31, 2018</b>	<b>47,463,339</b>	<b>\$18,622,865</b>	<b>\$888,670</b>	<b>\$(16,980,579)</b>	<b>\$2,530,956</b>
Issued for other consideration					
Mineral properties	300,000	21,000	-	-	21,000
Transfer to share capital on expiry of warrants	-	29,343	(29,343)		
Transfer to deficit on expiry of options	-	-	(112,394)	112,394	-
Share-based compensation	-	-	10,295	-	10,295
Loss for the year	-	-	-	(216,132)	(216,132)
<b>Balance, December 31, 2019</b>	<b>47,763,339</b>	<b>18,673,208</b>	<b>757,228</b>	<b>(17,084,317)</b>	<b>2,346,119</b>
Issued for other consideration					
Mineral properties	2,350,000	184,500	-	-	184,500
Transfer to deficit on expiry of options	-	-	(151,055)	151,055	-
Share-based compensation	-	-	186,398	-	186,398
Loss for the year				(451,113)	(451,113)
<b>Balance, December 31, 2020</b>	<b>50,113,339</b>	<b>\$18,857,708</b>	<b>\$792,571</b>	<b>\$(17,384,375)</b>	<b>\$2,265,904</b>

*See accompanying notes to the financial statements*

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(expressed in Canadian Dollars)*

---

**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. The Company has successfully completed a financing subsequent to December 31, 2020 (Note 15) and estimates it will have sufficient funds to continue operations for the upcoming twelve months.

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

**2. STATEMENT OF COMPLIANCE**

These financial statements, including comparatives, have been prepared in accordance with 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 March 16, 2021.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation**

The 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.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(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.

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 and valuation of share-based payments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments 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.

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.

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.

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

i) Going concern

The Company has exercised judgement in determining that its available funds are insufficient to continue operations for the ensuing year.

**(c) Cash**

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Mineral Properties**

Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not accrued. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be tested for impairment, then reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, may be subject to unregistered prior agreements, transfers or land claims, or may be non-compliant with regulatory requirements.

**(e) Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(e) Environmental** (continued)

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

**(f) Restoration Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

**(g) Financial Instruments**

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

On initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is available on an investment-by-investment basis.

Financial liabilities are designated as either fair value through profit or loss, or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(g) Financial Instruments** (continued)

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

The Company has classified and measured its financial instruments as follows:

- Cash is classified as FVTPL
- Receivables are classified as amortized cost
- Deposits are classified as amortized cost
- Accounts payable is classified as amortized cost
- Lease liability is classified as amortized cost

**(h) Leases**

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset to asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(h) Leases** (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable under any residual value guarantee;
- exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option: and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in profit or loss in the period in which they are incurred.

The ROU assets are presented within "Right-of-use Asset" and the lease liabilities are presented in "Current Portion of Lease Liability" and "Non-Current Portion of Lease Liability" on the statement of financial position.

**(i) Income Taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(i) Income Taxes** (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

**(j) Warrants Issued In Equity Financing Transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transaction costs (finder's warrants) are compensatory in nature and are assigned a value based on the Black-Scholes pricing model and included in reserves. Upon expiry, the recorded value is transferred to share capital.

When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

**(k) Share-based Payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. The fair value of the options is measured at the date of grant. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

**(l) Flow-Through Shares**

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss on a pro rata basis at the same time the qualifying expenditures are made.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(m) Earnings (Loss) per Share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. All options and warrants outstanding have been excluded from the calculation as they are considered anti-dilutive.

**(n) Segmented information**

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

**(o) New accounting policies**

None

**4. FINANCIAL AND CAPITAL RISK MANAGEMENT**

The Company's financial instruments consist of cash, receivables, deposits, accounts payable, accrued liabilities and advances. 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.

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(expressed in Canadian Dollars)*

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

**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.

**5. RECEIVABLES**

The Company's receivables are as follows:

	December 31, 2020	December 31, 2019
GST receivable	\$ 4,410	\$ 2,096
Government exploration tax credit	-	36,136
	<b>\$ 4,410</b>	<b>\$ 38,232</b>

**6. DEPOSITS**

	December 31, 2020	December 31, 2019
Office lease deposit	\$ 7,210	\$ 4,910
Exploration deposits	10,281	10,281
	<b>\$ 17,491</b>	<b>\$ 15,191</b>

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(expressed in Canadian Dollars)*

**7. MINERAL PROPERTIES**

A summary of mineral property expenditures is as follows:

	S Voisey Bay LB	North Thompson Nickel Belt MB	Renzy QC	Total
<b>Cost</b>				
Balance December 31, 2018	1,639,006	-	-	1,639,006
Additions:				
Acquisition costs	36,000	-	-	36,000
Claims maintenance	6,723	-	-	6,723
Drilling	3,495	-	-	3,495
Field office	260	-	-	260
Geology	148,375	-	-	148,375
Government exploration tax credit	(134,011)	-	-	(134,011)
Cost recoveries	(21,229)	-	-	(21,229)
Mineral properties written down	(44,029)	-	-	(44,029)
Balance December 31, 2019	1,634,590	-	-	1,634,590
Additions:				
Acquisition costs	49,500	85,000	155,234	289,734
Claims maintenance	5,712	-	-	5,712
Data verification	-	1,600	1,816	3,416
Field office	-	4,706	-	4,706
Geology	1,872	21,401	-	23,273
Geophysics	-	25,675	-	25,675
Cost recoveries	(25,000)	-	-	(25,000)
<b>Balance, December 31, 2020</b>	<b>\$1,666,674</b>	<b>\$138,382</b>	<b>\$157,050</b>	<b>\$1,962,106</b>

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

**Commander Agreement**

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 Letter of Intent ("LOI") 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 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

**7. MINERAL PROPERTIES (continued)**

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

**Commander Agreement (continued)**

- 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, 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.

**HPX agreement**

On September 5, 2017, the Company entered into an agreement with HPX BC Holdings Inc. ("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 by October 31, 2024 (\$2,600,000 incurred to date) and to make \$290,000 property payments (\$50,000 received to date). 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, 2020, the Company has earned an aggregate 35% interest in the property. 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 ownership percentage.

**Consortium agreement**

On July 24, 2018, the Company signed a letter of intent with a consortium of private claim holders. ("The Consortium") granting the Company the option to acquire a 100% interest in certain mining claims located in the South Voisey's area, Labrador. Under the terms of the agreement, the Company has the option to pay to The Consortium \$110,000 (\$20,000 - paid) and incur \$120,000 in exploration expenditures over a period of three years. The Consortium retains a 3% NSR that may be reduced to 1% by paying \$600,000 for the first 1% reduction and \$1,200,000 for the second 1% reduction.

During fiscal 2019, as a result of terminating the Consortium agreement, the Company wrote off capitalized acquisition and exploration costs of \$44,029 related to specific claim blocks.

**7. MINERAL PROPERTIES (continued)**

**(b) North Thompson Nickel Belt, Manitoba**

On April 28, 2020, the Company entered into an option agreement with CanAlaska Uranium Ltd (“CanAlaska”) whereby the Company was granted options to acquire up to an 80% interest in the Hunter and Strong properties in Manitoba. Under the terms of the agreement, the Company can earn, over a six-year period, its interest by incurring the following cash, share issuance and exploration expenditures:

- i) On signing - \$25,000 (paid) and 1,000,000 common shares (issued at a value of \$60,000)
- ii) 49% interest - \$1,500,000 in exploration expenditures on or before May 27, 2022
- iii) 21% interest - \$50,000 and 1,500,000 common shares and \$2,500,000 in exploration expenditures on or before May 27, 2024
- iv) 10% interest - \$75,000 and 6,000,000 common shares and \$5,000,000 in exploration expenditures on or before May 27, 2026

Upon completion of each stage of exploration the Company may elect to proceed to the next stage or in the alternative continue by means of a joint venture. In the event that the Company has earned a minimum 70% project interest and a feasibility study yields certain minimum values the Company will then issue to CanAlaska an additional 10,000,000 common shares. Pursuant to the joint venture, the parties may contribute to ongoing exploration expenditures on a pro-rata basis or elect to dilute to a 10% interest in which event their interest will convert to a 2% NSR. In the event that CanAlaska is the party granted the 2% NSR they will be entitled to an advance royalty payment upon commercial production. This payment will be equal to 2% of the capital cost of the mine and will be capped at \$10,000,000.

**(c) 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 Volcain 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, Company acquired by staking additional claims contiguous with the Volcain 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.

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

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 2019 exploration program its interest has been diluted to 42.3% (2019 – 42.4%).

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(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 entered into a new office lease agreement commencing September 1, 2020 and terminating on August 31, 2022.

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

<b>Lease liability</b>		
January 1, 2019	\$	35,878
Lease payments		(23,460)
Lease interest (finance costs)		2,651
<b>December 31, 2019</b>		15,069
Additions		78,123
Lease payments		(30,060)
Lease interest (finance costs)		3,027
<b>December 31, 2020</b>	\$	66,159
<b>Current portion of lease liability</b>		38,371
<b>Non-current portion of lease liability</b>		27,788
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	\$	43,260
One to five years		28,840
More than five years		-
<b>Total undiscounted lease liability</b>	\$	72,100
<b>Right-of-use asset</b>		
January 1, 2019	\$	35,878
Depreciation		(21,756)
<b>December 31, 2019</b>		14,122
Additions		78,123
Depreciation		(27,160)
<b>December 31, 2020</b>	\$	65,085

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(expressed in Canadian Dollars)*

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	December 31, 2020	December 31, 2019
Trades payables	\$ 4,136	\$ 1,328
Accruals	23,738	25,738
	<b>\$ 27,874</b>	<b>\$ 27,066</b>

**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 years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Administration fees	\$ 38,400	\$ 36,000
Accounting fees	36,000	36,000
Management fees	62,500	-
Share-based compensation	140,635	-
	<b>\$ 277,535</b>	<b>\$ 72,000</b>

**11. SHARE CAPITAL**

**(a) Authorized**

As at December 31, 2020 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 May 28, 2020, the Company issued 1,000,000 common shares, with a fair value of \$60,000 or \$0.06 per share as consideration towards the acquisition of mineral property (Note 7(b))

On July 17, 2020, the Company issued 350,000 common shares, with a fair value of \$24,500 or \$0.07 per share as consideration towards the acquisition of mineral property (Note 7(a))

On December 18, 2020, the Company issued 1,000,000 common shares, with a fair value of \$100,000 or \$0.10 per share as consideration towards the acquisition of mineral property (Note 7(c))

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(expressed in Canadian Dollars)*

**11. SHARE CAPITAL (continued)**

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

On July 23, 2019, the Company issued 300,000 common shares, with a fair value of \$21,000 or \$0.07 per share as consideration towards the acquisition of mineral property (Note 7(a))

In July 2020, the Company received shareholder approval for a 10% Rolling Stock Option 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 determined by reference to the market value on the date of grant.

Stock option transactions are summarized as follows:

	December 31, 2020		December 31, 2019	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year	2,341,000	\$0.32	3,260,000	\$0.30
Granted	2,725,000	\$0.07	-	-
Expired/Forfeited	(450,000)	\$0.34	(919,000)	\$0.25
Outstanding at end of year	4,616,000	\$0.17	2,341,000	\$0.32

As at December 31, 2020, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Options	Exercisable	Expiry Date	Exercise Price
766,000	766,000	September 12, 2022	\$0.55
1,125,000	1,125,000	June 28, 2023	\$0.165
2,225,000	2,112,500	June 5, 2025	\$0.07
500,000	500,000	August 5, 2025	\$0.07
4,616,000	4,503,500		

The fair value of options on the grant date was \$154,198 and \$34,852 (2019 - \$Nil) or \$0.069 (2019 - \$Nil) per option. Total share-based compensation expense recognized for the options that vested during the year was \$186,398 (2019 - \$10,295).

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

	June 5, 2020	August 5, 2020
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	233.02%	229.39%
Risk-free interest rate	0.52%	0.34%
Forfeiture rate	0.00%	0.00%
Expected life of options	5 year	5 year

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(expressed in Canadian Dollars)*

**11. SHARE CAPITAL (continued)**

**(d) Warrants**

**Fiscal 2020**

None

**Fiscal 2019**

Exercise Price	Expiry Date	Outstanding at December 31, 2018	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2019
\$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. INCOME TAXES**

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2020	2019
Loss for the year	\$(451,113)	\$(216,132)
Expected Income tax (recovery)	\$(122,000)	\$(58,000)
Change in statutory rates and other	(27,000)	2,000
Permanent difference	50,000	3,000
Change in unrecognized deductible temporary differences	99,000	53,000
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's deferred tax assets that have been included on the statements of financial positions are as follows:

	2020	2019
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$1,485,000	\$1,511,000
Property and equipment	41,000	41,000
Non-capital losses available for future period	1,605,000	1,482,000
	3,133,000	3,034,000
Unrecognized deferred tax assets	(3,133,000)	(3,034,000)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

**FJORDLAND EXPLORATION INC.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2020 and 2019**  
*(expressed in Canadian Dollars)*

**12. INCOME TAXES** (continued)

The significant components of the Company's temporary differences, and unused tax losses that have not been included on the statements of financial position are as follows:

	2020	Expiry Date Range	2019	Expiry Date Range
<b>Temporary differences</b>				
Exploration and evaluation assets	\$5,234,000	No expiry date	\$5,327,000	No expiry date
Investment tax credit	100,000	2027 to 2032	100,000	2027-2032
Property and equipment	151,000	No expiry date	151,000	No expiry date
Allowable capital losses	1,000	No expiry date	1,000	No expiry date
Non-capital losses available for future period	5,943,000	2026 to 2039	5,493,000	2026 to 2039

Tax attributes are subject to review and potential adjustment by tax authorities.

**13. COMMITMENT**

The Company has remaining commitment of \$72,100 for its office lease expiring on August 31, 2022 (Note 8) payable as to \$43,260 in 2021 and \$28,840 in 2020.

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

The Company had non-cash transactions as follows:

	2020	2019
Significant non-cash investing and financing activities:		
Investing activities		
Mineral properties expenditures included in accounts payable and accrued liabilities	\$ 65	\$ -
Mineral property recoveries included in account receivable	-	36,136
Right-of-use asset/lease liability recognized	78,123	35,878
Shares issued for mineral properties	184,500	21,000
Advance applied to mineral property	-	6,229
Financing activities		
Expiration of options and warrants	\$ 151,055	\$ 141,737

**15. SUBSEQUENT EVENTS**

On January 12, 2021, the Company granted 300,000 stock options to a director and a consultant with an exercise price of \$0.105 exercisable for a period of five years.

On February 12, 2021, the Company completed a non-brokered private placement for the issuance of 25,000,000 units at \$0.10 per unit. Each unit and finder's unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.175 per common share until February 12, 2023. The expiry date of each whole warrant is subject to acceleration. The Company paid finder's fees of \$44,850 and issued 171,000 finder's units.



**Management Discussion and Analysis  
For the Year Ended December 31, 2020  
Dated: March 16, 2021**

*1100, 1111 Melville Street  
Vancouver, BC V6E 3V6  
Tel: (604) 893-8365  
Fax: (604)484-7143*

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

---

### Introduction

The management's discussion and analysis ("MD&A" or "Report") of Fjordland Exploration Inc. (the "Company" or "Fjordland") has been prepared by management in accordance with the requirements under National Instrument 51-102 March 16, 2021 ("the Report Date") and provides comparative analysis of the Company's financial results for the year. The following information should be read in conjunction with the Company's audited financial statement for the year ended December 31, 2020 together with the notes thereto (collectively, the "Financial Statements"). Unless otherwise indicated, all dollar amounts in this document are in Canadian dollars.

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

Factors that could cause actual results to differ materially from these forward-looking statements include market prices, exploration success, and continued availability of capital and general economic, market or business conditions.

This list is not exhaustive and these and other factors should be considered carefully; readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company disclaims any intention and assumes no obligation to update any forward-looking statement contained in this document, even if new information becomes available as a result of future events or for any other reason.

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

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, 2020, 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.

The Company has reaffirmed its commitment to become a nickel focused base metal company. All indications point to a growing demand for high purity Class 1 nickel to feed the burgeoning battery market. Nickel is a key element along with lithium and cobalt in the production of batteries for the automotive and energy storage industries.

# **FJORDLAND EXPLORATION INC.**

## **Management Discussion and Analysis For the Year Ended December 31, 2020**

**Form 51-102F1**

---

### **Senior Management Appointments**

Effective August 1, 2020, James R. Tuer has assumed the role of President, Chief Executive Officer and Director of the Company. Mr. Tuer is a double graduate of Queens University with a Bachelor of Science with Honours, Mechanical Engineering and a Master of Business Administration. Mr. Tuer started his career in finance at Toronto Dominion Securities Inc as a Managing Director involved in Syndication, Underwriting and Corporate Finance. He was the founding principal of Hudson Resources Inc.

On January 12, 2021, the Company announced that Mr. Mark Gibson has agreed to join its board of directors as HPX's appointee. HPX currently owns 19% of Fjordland, and has the right to two board seats. Mr. Gibson serves as the Chief Operating Officer of High Power Exploration (HPX), a privately owned US corporation led by CEO Robert Friedland. In 2011, Mark was the founding CEO of HPX tasked with the job of commercializing the Typhoon geophysical transmitter developed by parent company I-Pulse. He concurrently serves as the COO of Kaizen Discovery Inc. (TSXV:KZD – appointed in 2016) and Cordoba Minerals Corp. (TSXV:CDB – appointed 2017). Mark previously worked with Anglo American and was the founder of a geophysical service company focused on managing seismic surveys for the mining industry. He has more than 29 years of wide-ranging experience as a geoscientist and manager in the natural resources sector. Mark graduated from the University of Southampton in 1990 with a B.Sc. (Hons) in Geology and the University of Leeds in 1997 with a M.Sc. in Geophysics.

On January 12, 2021, Mr. Ross McDonald retired as director. Mr. McDonald has served as a director since the Companies inception and will continue in an advisory capacity.

### **Current 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.

A late season the field program in 2019 included 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.

In 2020, HPX began modelling the data with the aid of external consultants to develop drill targets that will be based on gravity anomalies. Once the targets have been qualified, the Company will present the results.

Historically, exploration activities commenced in 2017 when the Company entered into a joint venture agreement with Commander Resources. Shortly thereafter, the Company entered an agreement with HPX to bring their geological, geophysical and financial aptitude to the project.

In 2017 the field exploration program consisted of drilling 1,670 metres designed to test six shallow UTEM geophysical targets. In 2018 an additional 1,253.2 metres of core drilling in 11 holes was completed along with property wide geological mapping.

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

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

comprised primarily of pyrrhotite with minor pentlandite and chalcopyrite occurring at or near the base of gabbro sills.

### North Thompson Nickel Belt, Manitoba

The North Thompson Nickel Project contains a series of high grade nickel drill intersections from historical work that warrant follow-up with modern geophysics and drilling. There are also numerous untested targets. The area is approximately 25 kilometres from the city of Thompson, Manitoba, where there are existing Tier 1 mines and nickel processing facilities owned and operated by Vale.

The Thompson Nickel Belt is the fifth largest sulphide nickel belt in the world based on contained nickel endowment. The North Thompson Project covers much of the north and north-western extension of this belt.

The “Strong” Licence (MEL1067A), the “Hunter” Licence (MEL1118A), and “Hunter Claims” have a total combined area of 18,685 hectares. These licences and claims have seen virtually no exploration drilling since 2005. In 2007 a VTEM airborne geophysical survey on the Hunter Claims identified a number of priority drill targets that have not been drill tested. It is anticipated the first programs under this option agreement will focus on these high priority targets.

The Company has completed a review of possible drill targets generated from a detailed analysis of the VTEM survey. To date, a minimum of 18 targets are being reviewed. It is anticipated that a drill program will be undertaken in the first half of 2021 subject to financing, drill permits and Covid-19 accessibility.

On April 28, 2020, the Company entered into the option agreement with CanAlaska Uranium Ltd (“CanAlaska”) whereby the Company was granted a series of options to acquire up to an 80% interest in the Hunter and Strong properties in Manitoba. Under the terms of the agreement, the Company can earn, over a six-year period, its interest by incurring the following cash, share issuance and exploration expenditures:

- i) On signing - \$25,000 (paid) and 1,000,000 common shares (issued at a value of \$60,000)
- ii) 49% interest - \$1,500,000 in exploration expenditures on or before May 27, 2022
- iii) 21% interest - \$50,000 and 1,500,000 common shares and \$2,500,000 in exploration expenditures on or before May 27, 2024
- iv) 10% interest - \$75,000 and 6,000,000 common shares and \$5,000,000 in exploration expenditures on or before May 27, 2026

Upon completion of each stage of exploration the Company may elect to proceed to the next stage or in the alternative continue by means of a joint venture. In the event that the Company has earned a minimum 70% project interest and a feasibility study yields certain minimum values the Company will then issue to CanAlaska an additional 10,000,000 common shares. Pursuant to the joint venture, the parties may contribute to ongoing exploration expenditures on a pro-rata basis or elect to dilute to a 10% interest in which event their interest will convert to a 2% NSR. In the event that CanAlaska is the party granted the 2% NSR they will be entitled to an advance royalty payment upon commercial production. This payment will be equal to 2% of the capital cost of the mine and will be capped at \$10 million.

### Renzy, Quebec

The Project, including the Renzy Mine nickel copper deposit, is located in Hainaut Township, Outaouais, Quebec. The area is easily accessed year-round by vehicle 250 km north of Ottawa and 350 km north west of Montreal. The topography is generally flat and the bedrock is covered by up to 30 m of overburden on the majority of the area.

The Renzy Mine deposit was found outcropping on an island within Lake Renzy in 1955. An open pit mine to a maximum depth of 30 m from rock surface previously existed on the property. During the

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

production period from 1969 to 1972, 716,000 short tons were mined with average grades of 0.70 % Nickel and 0.72 % Copper. The concentrates were shipped to Falconbridge facilities in Sudbury. The mine closed when Falconbridge failed to renew the concentrate purchase agreement due to a lagging economy and surplus nickel in world markets.

The Renzy Mine deposit contains, as defined by NI 43-101, Standards for Disclosure for Mineral Projects, a historical mineral resource estimate including indicated resources of 51,000 tonnes 0.79% Ni and 0.72% Cu and inferred resources of 280,000 tonnes at 0.82% Ni and 0.89% Cu with a cut-off grade of 0.7 % Ni equivalent. At the time, the project was referred to as the Vulcain Property.

The resource is taken from a technical report filed on SEDAR entitled "Technical Report - Resources Evaluation November 2007 Vulcain Property, Hainaut township." prepared for Matamec Explorations Inc. ("Matamec") by Geostat Systems International Inc. and dated November 22, 2007. Matamec merged with QPM in 2018. The classification of Mineral Resources and Mineral Reserves used in the report relied on the definitions provided in National Instrument 43-101, which came into effect on February 1, 2001. They further confirmed that they followed the guidelines adopted by the Council of the Canadian Institute of Mining Metallurgy and Petroleum for CIM Standards/NI 43-101. For the model, 251 of the 425 holes (and 1988 of the 2023 assays) that are located near the zone were used. In October 2004, Geostat Systems International Inc. verified and validated the 406 diamond drill holes made before the 2005 Matamec drill program (RZ-05 series holes). Elevation of the 406 drill holes are very imprecise and location of holes are somewhat imprecise especially far from the old mine. These drill holes come from archives (maps, logs, sections, etc.). Geostat considered the data valid enough to proceed with the estimation of resources of the inferred category. The hole information from the 19 2005 holes was considered precise enough to calculate indicated or measured resources providing that the quantity of data was sufficient.

A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource based on revised practices as per CIM (2014) and should not be treated or relied upon as such. The company considers the NI 43-101 report to be relevant given that no additional work of significance has been completed on the deposit since the issuance of the historical mineral resource estimate.

In 2005, Matamec drilled a grid of 19 vertical holes averaging 80 m in depth along strike of the original mine. Examples of higher-grade intercepts are as follows:

Drill Hole	Intercept (m)	Ni (%)	Cu (%)	Co (%)	PGM+Au (g/T)
RZ-05-01	2.3	1.0%	1.1%	0.05%	0.19
RZ-05-05	3.0	1.0%	1.6%	0.05%	0.24
RZ-05-07	4.9	2.1%	1.7%	0.15%	0.32
RZ-05-10	3.0	1.9%	4.1%	0.14%	0.55
RZ-05-11	10.8	1.3%	1.8%	0.09%	0.22
RZ-05-14	14.7	1.0%	1.2%	0.07%	0.28

Note: refer to Matamec's Press Release dated September 26, 2007 titled "Matamec Doubles Mineral Resources at Vulcain"

In 2008, Matamec drilled 40 short holes averaging 75 m targeting Induced Polarization ("IP") anomalies and tested 6 of the 18 areas identified as geophysical target zones based on IP surveys. Results were not press released. The remaining 12 areas have had no exploration conducted over them.

The original mineral emplacement model suggested that all mineralization would be near surface. As a result, only shallow targets were explored. Drilling campaigns occurred in 1956, 2005 and 2008. The mid-20th century holes were conducted with AX and EX diameter (approx. 1") drill holes down to approximately 32 m as an exploration tool. The later programs targeted the original pit area and certain

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

other localized areas where bedrock outcrops showed promising chemistry. Newer exploration models of magma emplacement suggest that deeper targets are possible.

The Renzy deposit claim group lies at the south western end of the Renzy Terrane just north of the Renzy Shear Zone within the Grenville Province of the Canadian Shield. The location of the shear zone and the overall quantity of mafic/ultramafic rocks that carry sulfides with elevated concentration of Ni, Cu, and PGM's bodes well for finding additional deposits.

On December 7, 2020, the Company entered into the option agreement with Quebec Precious Metals Corporation ("QPM") whereby the Company may acquire a 100% interest on the Renzy mineral claims in Hainaut Township, Quebec. Under the terms of the agreement, the Company can earn its interest by incurring a cash payment of \$50,000 (paid), share issuance of 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, Company acquired by staking additional claims contiguous with the Renzy claims. In accordance with the option agreement, any property staked within the area of interest, as defined as being within 1 km of the external border of the Renzy claims will be deemed for all purposes to be part of and comprised in the property.

### Milligan West, BC

The Company has a 42.3% interest in this project in partnership with the operator Serengeti Resources Ltd. While no worked is currently planned for the project, sufficient work credits exist to allow the retention for some of the claim group closest to the Mt. Milligan mine. This project is expected to be reassessed in light of the recent uptick in investor interest in BC exploration projects.

### Qualified Person

Robert Cameron is a qualified person as defined by NI 43-101 and reviewed the preparation of the scientific and technical information in this MD&A disclosure. Further information and results of exploration programs can be found on Sedar and the Company's website. [www.fjordlandex.com](http://www.fjordlandex.com)

### Private Placement

On February 12, 2021, the Company completed a non-brokered private placement for the issuance of 25,000,000 units at \$0.10 per unit (the "Units"). Each Unit and finder's unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.175 per common share until February 12, 2023. The expiry date of each whole warrant is subject to acceleration. The Company paid finder's fees of \$44,850 and issued 171,000 finder's warrants.

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

### Selected Annual Information

The Company's selected annual information for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020 (\$)	2019 (\$)	2018 (\$)
General and administration expenses	(451,113)	(172,363)	(639,101)
Loss for the year	(451,113)	(216,132)	(861,882)
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)
Cash dividends per share	-	-	-
Other comprehensive income (loss)	-	-	-
Assets	2,359,937	2,388,254	2,571,278
Long-term liabilities	27,788	-	-

The 2020 loss of \$451,113 (2019 - \$216,132) was primarily the result of share-based compensation of \$186,398 (2019 - \$10,295) and \$Nil (2019 - \$44,209) written down on the mineral properties.

### Financial Position

#### (a) Summary of Quarterly Results

	Mar 31 2019 Q1	Jun 30 2019 Q2	Sep 30 2019 Q3	Dec 31 2019 Q4	Mar 31 2020 Q1	Jun 30 2020 Q2	Sep 30 2020 Q3	Dec 31 2020 Q4
Mineral property costs deferred, net	-	(127,283)	148,511	(25,644)	787	85,350	30,913	210,466
G&A (incl. share-based compensation)	(40,439)	(41,356)	(35,671)	(54,897)	(43,550)	(183,594)	(109,759)	(114,210)
Share-based compensation expense	5,148	5,147	-	-	-	138,731	38,731	8,913
Adjusted G&A (less share-based comp)	(35,291)	(36,209)	(36,671)	(54,897)	(43,550)	(44,863)	(71,005)	(105,297)
Net loss	(40,244)	(82,522)	(38,469)	(54,897)	(43,550)	(183,594)	(109,759)	(114,210)
Loss per share – basic and diluted	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average common shares outstanding - basic	47,463,339	47,463,339	47,688,339	47,595,668	47,763,339	47,125,976	49,048,665	49,265,513

#### (b) Results of Operations for the three months ended December 31, 2020 and 2019

The Company's cash position decreased from \$685,964 on December 31, 2019 to \$310,690 on December 31, 2020 cash was used to fund operating and exploration activities.

During the period under review the Company incurred total general and administrative expenses of \$114,210 (2019 - \$54,897).

Total share-based compensation on options granted and vested during the period ended December 31, 2020 resulted in \$8,913 (2019 - \$Nil) being expensed. Share-based compensation is a non-cash transaction.

During the quarter, the Company incurred \$5,373 (2019 - \$5,089) in respect of marketing information.

Accounting and audit \$23,000 (2019 - \$31,000), these numbers reflect the accrual of audit fees.

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

### (c) Results of Operation for the years ended December 31, 2020 and 2019

Results of operations for the year ended December 31, 2020 are discussed in comparison with the year ended December 31, 2019. General and administrative expenses of \$451,113 (2019 - \$172,363) represents a \$278,750 increase compared to the comparative year. Notable changes include:

The \$17,491 (2019 - \$15,191) in deposits at year ended December 31, 2020, consists of \$7,210 (2019 - \$4,910) rent deposit and \$10,281 (2019 - \$10,281) of exploration deposits. There was an increase in rent deposit as the Company leased an additional office.

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

	2020	2019
Accounting and audit	\$ 56,244	\$ 58,000
Administration fees	\$ 38,400	\$ 36,000
Filing fees	\$ 13,439	\$ 6,459
Office	\$ 18,067	\$ 9,243
Management fees	\$ 62,500	\$ -
Rent	\$ 5,955	\$ 3,631
Transfer agent	\$ 3,049	\$ 2,967

Total share-based compensation on options granted, and vested during the year ended December 31, 2020, resulted in \$186,398 (2019 - \$10,295) being expensed. Share-based compensation is a non-cash transaction.

Marketing expense was \$28,678 (2019 - \$20,067). A breakdown is provided below:

	December 31, 2020	December 31, 2019
Conferences	\$ 4,915	\$ -
Consulting	18,075	18,000
Promotional	2,219	884
Media	3,469	1,183
	<u>\$ 28,678</u>	<u>\$ 20,067</u>

Comprehensive loss for the year ended December 31, 2020 is \$451,113 (2019 - \$216,132), which includes mineral properties written-down of \$Nil (2019 - \$44,029).

Exploration expenditures during the year ended December 31, 2020 were \$352,516 (2019- \$194,853), which consisted of \$289,734 (2019 - \$36,000) in acquisition costs and \$62,782 (2019 - \$158,853) in exploration costs. The Company received \$Nil (2019 - \$134,011) in government exploration tax credits and had costs recoveries of \$25,000 (2019 - \$21,229). The Company wrote down \$Nil (2019 - \$44,029) in acquisition and exploration costs.

During the year ended December 31, 2020 the Company, issued 2,350,000 shares (2019 - 300,000) valued at \$184,500 (2019 - \$21,000) relating to exploration properties.

### 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.

# **FJORDLAND EXPLORATION INC.**

## **Management Discussion and Analysis For the Year Ended December 31, 2020**

**Form 51-102F1**

---

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

As at December 31, 2020 the Company had a cash position of \$310,690 and working capital of \$249,010 compared to a cash position of \$685,964 and working capital of \$682,216 at December 31, 2019.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

### **Capital Management**

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

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

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

### **Financing Activities**

On May 28, 2020, the Company issued 1,000,000 common shares, with a fair value of \$60,000 or \$0.06 per share as consideration towards the acquisition of mineral property.

On July 17, 2020, the Company issued 350,000 common shares, with a fair value of \$24,500 or \$0.07 per share as consideration towards the acquisition of mineral property.

On December 18, 2020, the Company issued 1,000,000 common shares, with a fair value of \$100,000 or \$0.10 per share as consideration towards the acquisition of mineral property.

Subsequent to the year ended December 31, 2020, the Company completed a non-brokered private placement for the issuance of 25,000,000 units at \$0.10 per unit. The net proceeds from this placement will be used for nickel exploration in Manitoba, Labrador and Quebec, working capital and general corporate purposes.

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

### 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 years ended December 31, 2020 and 2019 were as follows:

	2020	2019
President and CEO	\$ 62,500	\$ -
Corporate Secretary	38,400	36,000
Chief Financial Officer	36,000	36,000
Share-based compensation	140,635	-
	<u>\$ 277,535</u>	<u>\$ 72,000</u>

### Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the year ended December 31, 2020.

### Commitment

The Company has remaining commitment of \$72,100 for its office lease expiring on August 31, 2022.

### Proposed Transactions

None

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

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

#### (a) Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

#### (b) Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

### (c) **Commodity Price**

The Company's exploration projects are primarily related to exploration for gold and other precious metals in British Columbia, Canada. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

### (d) **Title**

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

### (e) **Financing**

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

### (f) **Share Price Volatility and Price Fluctuations**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

### (g) **Key Personnel**

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

### **(h) Competition**

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

### **(i) Realization of Assets**

Exploration and evaluation assets comprise a substantial portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

### **(j) Environmental and Other Regulatory Requirements**

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits.

### **(k) History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations**

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

### **(l) Uninsurable**

The Company and its subsidiary may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

### **(m) Legal Proceedings**

As at the date of the Report, there were no legal proceedings against or by the Company.

### **(n) Critical Accounting Estimates**

The most significant accounting estimates for the Company relates to the carrying value of its mineral property exploration and evaluation assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

Management's estimates of exploration, operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for share-based compensation and derivative instruments. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based compensation and warrants. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the period.

### (o) Financial Instruments and other Instruments

The Company's financial assets consist of cash and deposits for reclamation, receivables, accounts payable and accrued liabilities. No amounts are invested other than in chartered bank term deposits. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from the financial instruments. The carrying value of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and  
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

On initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is available on an investment-by-investment basis.

Financial liabilities are designated as either fair value through profit or loss, or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

The Company has classified and measured its financial instruments as follows:

- Cash is classified as FVTPL
- Receivables are classified as amortized cost
- Deposits are classified as amortized cost
- Accounts payable is classified as amortized cost
- Lease liability is classified as amortized cost

### Events After the Reporting Period

On January 12, 2021, the Company granted 300,000 stock options to a director and a consultant with an exercise price of \$0.105 exercisable for a period of 5 years.

### 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 75,284,339 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	766,000
June 28, 2023	\$0.165	1,125,000
June 5, 2025	\$0.07	2,225,000
August 5, 2025	\$0.07	500,000
January 12, 2026	\$0.105	300,000
		4,916,000

# FJORDLAND EXPLORATION INC.

## Management Discussion and Analysis For the Year Ended December 31, 2020

Form 51-102F1

### Warrants

Expiry Date	Exercise Price	Number of Shares
February 12, 2023	\$0.175	12,500,000
February 12, 2023 (Finders)	\$0.175	85,500
		12,585,500

## CORPORATE INFORMATION

### DIRECTORS AND OFFICERS

James Tuer  
President, C.E.O and Director

Richard C. Atkinson, P.Eng.  
Director

Mark Gibson  
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  
Vancouver, British Columbia V6E 3V6  
Telephone: (604) 893-8365  
Fax: (604) 484-7143

### 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 DECEMBER 31, 2020

Shares Authorized: Unlimited  
Shares Issued and Outstanding 50,113,339