



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

**For the Nine Months Ended September 30, 2022**

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



**Financial Statements**  
**September 30, 2022**  
**(Canadian Funds)**

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

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

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

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

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

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 1,006,364	\$ 1,725,697
Receivables	5	162,688	84,775
Prepaid expenses		372,692	4,417
		<u>1,541,744</u>	<u>1,814,889</u>
<b>Non-current</b>			
Deposits	6	17,491	17,491
Mineral properties	7	3,939,753	2,655,782
Right of use asset	8	74,864	25,970
		<u>4,032,108</u>	<u>2,699,243</u>
		<u>\$ 5,573,852</u>	<u>\$ 4,514,132</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9	\$ 674,635	\$ 206,320
Due to operating partner	7(d)	322	48,836
Lease liability	8	37,427	27,788
		<u>712,384</u>	<u>282,944</u>
<b>Non-current</b>			
Lease liability	8	37,742	-
		<u>750,126</u>	<u>282,944</u>
<b>EQUITY</b>			
Share capital	11	22,314,008	21,396,013
Share-based compensation reserve		1,060,613	1,073,013
Deficit		(18,550,895)	(18,237,838)
		<u>4,823,726</u>	<u>4,231,188</u>
		<u>\$ 5,573,852</u>	<u>\$ 4,514,132</u>

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

Approved and authorized by the Board on November 23, 2022.

On behalf of the Board:

"James Tuer"  
James Tuer

"Victor Tanaka"  
Victor A. Tanaka

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

	Note	For the three months ended September 30		For the nine months ended September 30	
		2022	2021	2022	2021
<b>Expenses</b>					
Accounting and audit fees	10	\$ 10,000	\$ 15,000	\$ 58,105	\$ 44,268
Administration fees	10	10,500	12,252	31,500	31,452
Depreciation	8	9,671	9,778	29,229	29,336
Filing fees		987	592	19,261	8,271
Financing costs	8	740	1,106	1,703	4,028
Legal fees		1,952	8,019	3,257	10,929
Management fees	10	37,500	37,500	112,500	112,500
Marketing		5,723	20,579	36,436	44,082
Office and printing		6,988	5,918	19,242	11,674
Travel		369	339	1,637	4,178
Rent		-	3,605	-	3,605
Share-based compensation	10,11(c)	-	113,775	15,200	151,775
Transfer agent fees		5,129	520	8,291	7,184
		<u>(89,559)</u>	<u>(228,983)</u>	<u>(336,361)</u>	<u>(463,282)</u>
<b>Other items</b>					
Other income		23,304	-	23,304	-
Mineral property write-off	7(b)	-	-	-	(78,382)
		<u>23,304</u>	<u>-</u>	<u>23,304</u>	<u>(78,382)</u>
Net loss and comprehensive loss		<u>\$ (66,255)</u>	<u>\$ (228,983)</u>	<u>\$ (313,057)</u>	<u>\$ (541,664)</u>
Basic and diluted loss per share		<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding		<u>82,685,531</u>	<u>74,284,339</u>	<u>80,061,360</u>	<u>70,975,354</u>

See accompanying notes to the condensed interim financial statements

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

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss	\$ (313,057)	\$ (541,664)
Items not involving cash:		
Depreciation	29,229	29,336
Finance costs	1,703	4,028
Share-based compensation	15,200	151,775
Mineral property write-off	-	78,382
Changes in non-cash working capital items:		
Receivables	(77,913)	(9,769)
Prepaid expenses	(368,275)	(190,594)
Accounts payable and accrued liabilities	(32,317)	(6,821)
Cash used in operating activities	<u>(745,430)</u>	<u>(485,327)</u>
<b>Investing activities</b>		
Acquisition and exploration costs related to mineral properties	(823,353)	(45,549)
Cash used in investing activities	<u>(823,353)</u>	<u>(45,549)</u>
<b>Financing activities</b>		
Net proceeds from issuance of common shares	881,895	2,440,305
Lease payments	(32,445)	(32,445)
Cash provided by financing activities	<u>849,450</u>	<u>2,407,860</u>
<b>Net (decrease) increase in cash</b>	(719,333)	1,876,984
<b>Cash - beginning of the period</b>	<u>1,725,697</u>	<u>310,690</u>
<b>Cash - end of the period</b>	<u>\$ 1,006,364</u>	<u>\$ 2,187,674</u>

Supplemental Disclosure with Respect to Cash Flows (Note 13)

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

	Note	Number of shares	Share capital	Share-based compensation reserve	Deficit	Total equity
<b>Balance as at December 31, 2020 (Audited)</b>		50,113,339	\$ 18,857,708	\$ 792,571	\$ (17,384,375)	\$ 2,265,904
Issued for other consideration						
Private Placements	11(b)	25,000,000	2,500,000	-	-	2,500,000
Finder's units	11(b)	171,000	17,100	-	-	17,100
Share issuance costs		-	(76,795)	-	-	(76,795)
Option agreement cancellation	7(b)	(1,000,000)	(60,000)	-	-	(60,000)
Share-based payments		-	-	151,775	-	151,775
Net loss and comprehensive loss		-	-	-	(541,664)	(541,664)
<b>Balance as at September 30, 2021 (Unaudited)</b>		74,284,339	21,238,013	944,346	(17,926,039)	4,256,320
Issued for other consideration						
Mineral properties	11(b)	1,000,000	158,000	-	-	158,000
Share-based payments		-	-	128,667	-	128,667
Net loss and comprehensive loss		-	-	-	(311,799)	(311,799)
<b>Balance as at December 31, 2021 (Audited)</b>		75,284,339	21,396,013	1,073,013	(18,237,838)	4,231,188
Issued for other consideration						
Mineral properties	11(b)	100,000	8,500	-	-	8,500
Private Placements	11(b)	6,901,192	897,155	-	-	897,155
Options exercised		400,000	55,600	(27,600)	-	28,000
Share issuance costs		-	(43,260)	-	-	(43,260)
Share-based payments	11(c)	-	-	15,200	-	15,200
Net loss and comprehensive loss		-	-	-	(313,057)	(313,057)
<b>Balance as at September 30, 2022 (Unaudited)</b>		82,685,531	\$ 22,314,008	\$ 1,060,613	\$ (18,550,895)	\$ 4,823,726

See accompanying notes to the condensed interim financial statements

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

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

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

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

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

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The Company has a deficit of \$18,550,895 and has incurred a loss of \$313,057 for the nine-month period ended September 30, 2022. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

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. BASIS OF PREPARATION**

**Statement of Compliance**

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



**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

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

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

**Basis of preparation**

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

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

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

**New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2022 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- Presentation of financial statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2021.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2021. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended September 30, 2022 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2022.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

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

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**4. FINANCIAL AND CAPITAL RISK MANAGEMENT**

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

**Credit Risk**

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

The Company's cash is held in major Canadian financial institutions. The Company's receivables consist of GST receivable and a tax credit receivable that are due from government agencies. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

**Interest Rate Risk**

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

**Liquidity Risk**

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

**Foreign Exchange Risk**

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

**Capital Management**

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

The Company defines its capital as shareholder's equity.

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

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

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

*(Unaudited)*

*(Expressed in Canadian Dollars)*

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**5. RECEIVABLES**

The Company's receivables are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
GST receivable	\$ 162,688	\$ 84,775
	<u>\$ 162,688</u>	<u>\$ 84,775</u>

**6. DEPOSITS**

The Company's deposits are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Office lease deposit	\$ 7,210	\$ 7,210
Exploration deposits	10,281	10,281
	<u>\$ 17,491</u>	<u>\$ 17,491</u>

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

(Unaudited)  
(Expressed in Canadian Dollars)

**7. MINERAL PROPERTIES**

A summary of mineral property expenditures is as follows:

	South Voisey's Bay Labrador	North Thompson Nickel Belt Manitoba	Renzy Quebec	South Voisey's Bay Vulcan	Other Projects	Total
<b>Balance as at December 31, 2020 (Audited)</b>	\$ 1,666,674	\$ 138,382	\$ 157,050	\$ -	\$ -	\$ 1,962,106
Property write-off	-	(138,382)	-	-	-	(138,382)
Acquisition costs	90,370	-	41,205	83,626	-	215,201
Aircraft Charter	159,853	-	-	-	-	159,853
Data verification	-	-	14,334	-	-	14,334
Equipment rental	-	-	4,949	-	11,725	16,674
Field supplies and office	-	-	719	-	4,966	5,685
Fuel	-	-	1,031	-	-	1,031
Geophysics	225,375	-	539,481	-	1,400	766,256
Geology	1,838	-	1,735	-	-	3,573
Labour, salaries, consulting	-	-	2,010	-	12,084	14,094
License and permits	-	-	11,859	-	-	11,859
Travel	39,141	-	4,101	-	20,256	63,498
Cost recoveries	(440,000)	-	-	-	-	(440,000)
<b>Balance as at December 31, 2021 (Audited)</b>	1,743,251	-	778,474	83,626	50,431	2,655,782
Government exploration tax credit	(85,889)	-	-	-	(15,171)	(101,060)
Acquisition costs	-	-	-	-	21,697	21,697
Aircraft Charter	306,984	-	-	-	32,800	339,784
Assays	511	-	29,660	-	924	31,095
Camp maintenance	-	-	1,440	-	-	1,440
Drilling	125,059	-	555,077	-	-	680,136
Equipment rental	24,073	-	56,509	-	360	80,942
Field equipment	-	-	15,594	-	-	15,594
Field materials and supplies	27,086	-	145,831	-	242	173,159
Freight and courier	2,603	-	4,101	-	-	6,704
Fuel, transportation	97,758	-	5,986	-	575	104,319
Geophysics	5,350	-	51,539	-	5,582	62,471
Geology	97,887	-	302,585	2,536	3,400	406,408
Insurance	-	-	242	-	-	242
Labour	106,953	-	-	-	1,402	108,355
License and permits	2,343	-	8,499	5,925	1,400	18,167
Mobilization	28,000	-	-	-	-	28,000
Phone and internet	-	-	919	-	-	919
Project supervision charges	1,679	-	126,341	-	-	128,020
Road maintenance	-	-	18,334	-	-	18,334
Storage	-	-	25,900	-	-	25,900
Survey	3,450	-	-	-	-	3,450
Travel, meals, accommodation	89,545	-	39,840	-	510	129,895
Cost recoveries	(1,000,000)	-	-	-	-	(1,000,000)
<b>Balance as at September 30, 2022 (Unaudited)</b>	\$ 1,576,643	\$ -	\$ 2,166,871	\$ 92,087	\$ 104,152	\$ 3,939,753

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

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

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**7. MINERAL PROPERTIES** (continued)

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

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

**Commander Agreement**

The Company entered into a Memorandum of Understanding ("MOU") with Commander in September 2014 as amended November 2014, whereby the Company was granted an option to earn a 75% undivided interest in the South Voisey's Bay property.

The Company has earned a 15% interest in the property by having expended \$350,000 in exploration costs prior to the option agreement expiration on August 15, 2015.

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

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

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.

As at September 30, 2022, the Company had earned an aggregate 75% interest in the property.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

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

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**7. MINERAL PROPERTIES (continued)**

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

**Ivanhoe (HPX) agreement**

On September 5, 2017, the Company entered into an agreement with Ivanhoe to fund the Company's commitments under the SVB Option Agreements in return for up to a 65% interest in the project. Under the terms of the agreement, Ivanhoe's subsidiary HPX subscribed by means of a private placement and was issued 14,000,000 units of the Company for proceeds of \$1,400,000. As of September 30, 2022, HPX had paid \$1,400,000 in full, and should subsequently reimburse the Company a shortfall of \$222,905 of the exploration expenditures under the SVB Option Agreements by October 31, 2022. In addition, Ivanhoe was given the option to incur, on behalf of the Company, the balance of the \$8,000,000 commitment, being \$7,400,000 in exploration expenditures under the SVB Option Agreements by October 31, 2024 (\$3,000,000 incurred to September 30, 2022) and to make the \$290,000 in property payments (\$90,000 received to September 30, 2022) as described above. If the cash funding is completed by Ivanhoe on the Company's behalf and the equity issuances are made by the Company under the SVB Option Agreements, the Company will acquire a 100% interest in the South Voisey's Bay project, and will then assign a 65% project interest to Ivanhoe.

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

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

**Vulcan Agreement**

On September 23, 2021, the Company entered into an agreement with Vulcan Minerals Inc. ("Vulcan") to acquire a 100% working interest in certain mineral claims located in the South Voisey's Bay area. Under the terms of the agreement, the Company has the option to issue Vulcan 1,350,000 common shares, pay \$70,000 cash and incur \$250,000 in exploration expenditures over a period of three years, of which \$25,000 cash and 600,000 common shares are payable upon signing the agreement (paid and issued on October 5, 2021 at a fair value of \$54,000). Vulcan reserves a 2% NSR royalty on the claims subject to the Company's ability to buy back 50% of the NSR for \$2,000,000.

Subsequently on November 10, 2022, the Company paid the second option payment of \$10,000 and issued 250,000 common shares.

**(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.

On June 17, 2021 the Company announced that it had entered into an agreement with CanAlaska to terminate the Hunter/Strong Property Option Agreement relating to the North Thompson Nickel Project (NTNP) and wrote off the capitalized balance of \$138,382.

Upon termination 1,000,000 common shares issued in 2020 were returned by CanAlaska at Nil cost to the Company.

**FJORDLAND EXPLORATION INC.**  
**Notes to Condensed Interim Financial Statements**  
**For the Nine Months Ended September 30, 2022**

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

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**7. MINERAL PROPERTIES** (continued)

**(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 (completed).

Upon the Company earning in 100% interest, QPM retains a 1% NSR of which the Company may repurchase 0.5% of the NSR for consideration of \$500,000 and the remaining 0.5% for \$2,500,000. A pre-existing 1% NSR is payable to Jacques Duval and 1% NSR payable to Andre Gauthier of which the Company may repurchase 0.5% for the sum of \$250,000; and the remaining 0.5% for the sum of \$250,000, to each of Gauthier and Duval.

In November 2020, the Company staked additional claims contiguous with the 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 Northwest Copper Corp. (“NWST”) (formerly Serengeti Resources Inc.) consolidated certain claims located in north central British Columbia into the Milligan West project. Initially ownership was shared equally however, as a result of the Company electing not to participate in the 2019 exploration program its interest has been diluted to 42.3%. Effective 2021, the Company elected to contribute its pro-rata share to retain its interest at 42.3% (December 31, 2021 – 42.3%). As a result, the Company had an amount owing to NWST of \$322 as of September 30, 2022 (December 31, 2021 - \$48,836).

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

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

The Company acquired the core claims, representing one-third of the property from Equity Exploration Consultants Ltd. (“Equity”) for 100,000 common shares (issued – Note 11(b)). The Equity claims are subject to a 1% Net Smelter Royalty (“NSR”) on the Equity claims subject to a one-time reduction of either 0.5% upon the payment of \$4 million or 0.25% upon the payment of \$1.5 million. The Equity claims are in good standing until December 31, 2025 resulting from the Company applying unused assessment credits. The remaining property was staked to the east and west of the Equity claims to cover the known mineral potential within the area.

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

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

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

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

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

<b>Lease liability</b>		
<b>Balance, December 31, 2020</b>	\$	66,159
Lease payments		(43,260)
Lease interest (finance costs)		4,889
<b>Balance, December 31, 2021</b>		27,788
Additions		78,123
Lease payments		(32,445)
Lease interest (finance costs)		1,703
<b>Balance, September 30, 2022</b>	\$	75,169
<b>Current portion of lease liability</b>	\$	37,427
<b>Non-current portion of lease liability</b>		37,742
	\$	75,169

<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	\$	43,260
One to five years		39,655
	\$	82,915

<b>Right-of-use asset</b>		
<b>Balance, December 31, 2020</b>	\$	65,085
Depreciation		(39,115)
<b>Balance, December 31, 2021</b>		25,970
Additions		78,123
Depreciation		(29,229)
<b>Balance, September 30, 2022</b>	\$	74,864



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**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Trade payables	\$ 672,897	\$ 179,582
Accruals	1,738	26,738
	<u>\$ 674,635</u>	<u>\$ 206,320</u>

A significant portion of the trade payables will be funded by the SVB JV partner upon the next cash call being issued to them.

**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 nine months ended September 30, 2022 and 2021 were as follows:

	<b>Nine months ended</b>	
	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Administration fees	\$ 31,500	\$ 28,800
Accounting fees	45,000	42,000
Management fees	112,500	112,500
Share-based compensation	-	66,000
	<u>\$ 189,000</u>	<u>\$ 249,300</u>

During the period ended September 30, 2022, the Company paid rent of \$34,104 (2021 - \$19,044) to a publicly listed company with an officer in common.

Amounts in accounts payable:	Services for:	As at September 30, 2022	As at December 31, 2021
A private company controlled by the Chief Executive Officer	Management fees and expense reimbursement	\$ 13,920	\$ 35,438
A private company controlled by the Chief Financial Officer	Accounting and management fees	5,250	5,250
Chief Financial Officer	Expense reimbursement	61	-
A private company controlled by the Corporate Secretary	Administration fees and expense reimbursement	3,675	3,885
A publicly listed company with an officer in common	Rent	-	3,785
<b>Total</b>		<u>\$ 22,906</u>	<u>\$ 48,358</u>

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**11. SHARE CAPITAL**

**(a) Authorized**

As at September 30, 2022 the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

**(b) Issued Share Capital**

During the year ended December 31, 2021, the Company:

- i. Completed a non-brokered private placement for the issuance of 25,000,000 units at \$0.10 per unit on February 12, 2021. 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 with a fair value of \$17,100. The Company also paid share issue costs totaling \$31,945.
- ii. Received 1,000,000 common shares from CanAlaska and returned the shares to treasury to cancel the option agreement (Note 7(b)).
- iii. Issued 600,000 common shares with a fair value of \$54,000 or \$0.09 per share as consideration towards the acquisition of mineral property in South Voisey's Bay area (Note 7(a) Vulcan Agreement).
- iv. Issued 400,000 common shares with a fair value of \$44,000 or \$0.11 per share as consideration towards the acquisition of mineral property in South Voisey's Bay area (Note 7(a) Commander Agreement).

During the nine months ended September 30, 2022, the Company:

- v. Issued 100,000 common shares with a fair value of \$8,500 or \$0.085 per share as consideration towards the acquisition of Witch Project (Note 7(e)).
- vi. On April 1, 2022, the Company completed the first tranche of the non-brokered private placement and issued 5,496,192 flow-through shares ("FT Shares") at \$0.13 per FT Share for the total consideration of \$714,505. All the securities issued pursuant to the FT Shares carry a legend and may not be traded until August 2, 2022. The Company paid finder's fees of \$41,700.
- vii. On April 25, 2022, the Company completed the final tranche of the non-brokered private placement and issued 1,405,000 FT Shares at \$0.13 per FT Share for the total consideration of \$182,650. All the securities issued pursuant to the FT Shares carry a legend and may not be traded until August 26, 2022. The Company paid finder's fees of \$1,560.
- viii. On May 5, 2022, 400,000 options were exercised at an exercise price of \$0.07 and a Black-Scholes fair value of \$0.069 per option.

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**11. SHARE CAPITAL (continued)**

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

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.

A continuity of stock options for the nine months ended September 30, 2022 is as follows:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>December 31, 2021</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired / forfeited</b>	<b>September 30, 2022</b>
September 2, 2022	0.55	766,000	-	-	(766,000)	-
June 28, 2023	0.165	1,125,000	-	-	-	1,125,000
June 5, 2025	0.07	2,225,000	-	(400,000)	-	1,825,000
August 5, 2025	0.07	500,000	-	-	-	500,000
January 12, 2026	0.105	300,000	-	-	-	300,000
April 22, 2026	0.125	1,150,000	-	-	-	1,150,000
June 1, 2026	0.125	100,000	-	-	-	100,000
August 26, 2026	0.125	1,025,000	-	-	-	1,025,000
January 25, 2027	0.10	-	100,000	-	-	100,000
<b>Options outstanding</b>		<b>7,191,000</b>	<b>100,000</b>	<b>(400,000)</b>	<b>(766,000)</b>	<b>6,125,000</b>
<b>Options exercisable</b>		<b>7,191,000</b>	<b>100,000</b>	<b>(400,000)</b>	<b>(766,000)</b>	<b>6,125,000</b>
Weighted average exercise price (\$)		\$ 0.15	\$ 0.10	\$ 0.07	\$ 0.55	\$ 0.11

As at September 30, 2022, the weighted average contractual remaining life of options is 2.78 years (December 31, 2021 – 3.20 years).

A continuity of stock options for the year ended December 31, 2021 is as follows:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>December 31, 2020</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired / forfeited</b>	<b>December 31, 2021</b>
September 2, 2022	0.55	766,000	-	-	-	766,000
June 28, 2023	0.165	1,125,000	-	-	-	1,125,000
June 5, 2025	0.07	2,225,000	-	-	-	2,225,000
August 5, 2025	0.07	500,000	-	-	-	500,000
January 12, 2026	0.11	-	300,000	-	-	300,000
April 22, 2026	0.13	-	1,150,000	-	-	1,150,000
June 1, 2026	0.13	-	100,000	-	-	100,000
August 26, 2026	0.13	-	1,025,000	-	-	1,025,000
<b>Options outstanding</b>		<b>4,616,000</b>	<b>2,575,000</b>	<b>-</b>	<b>-</b>	<b>7,191,000</b>
<b>Options exercisable</b>		<b>4,503,500</b>	<b>2,475,000</b>	<b>-</b>	<b>-</b>	<b>7,103,500</b>
Weighted average exercise price (\$)		\$ 0.17	\$ 0.12	\$ -	\$ -	\$ 0.15

The fair value of the stock options granted during the nine months ended September 30, 2022 is \$15,200 (2021 - \$151,775).

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**11. SHARE CAPITAL (continued)**

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

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

	2022	2021
Risk-free interest rate	1.56%	0.38% - 0.93%
Expected stock price volatility	130.66%	160.95% - 198%
Expected option life in years	5 years	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	0.00%	0.00%
Share price on grant date	\$0.10	\$0.10 - \$0.12

(d) **Warrants**

A continuity of warrants for the nine months ended September 30, 2022 is as follows:

Expiry date	Exercise price (\$)	December 31, 2021	Issued	Exercised	Expired	September 30, 2022		
February 12, 2023	0.175	12,585,500	-	-	-	12,585,500		
Warrants outstanding		12,585,500	-	-	-	12,585,500		
Weighted average exercise price (\$)	\$	0.175	\$	-	\$	-	\$	0.175

As at September 30, 2022, the weighted average contractual remaining life of warrants is 0.37 years (December 31, 2021 – 1.12 years).

A continuity of warrants for the years ended December 31, 2021 is as follows:

Expiry date	Exercise price (\$)	December 31, 2020	Issued	Exercised	Expired	December 31, 2021		
February 12, 2023	0.175	-	12,585,500	-	-	12,585,500		
Warrants outstanding		-	12,585,500	-	-	12,585,500		
Weighted average exercise price (\$)	\$	-	\$	0.175	\$	-	\$	0.175

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**12. COMMITMENT**

The Company has remaining commitment of \$82,915 (Note 6) for its office lease expiring on August 31, 2024 (Note 8) payable as to \$43,260 within the next twelve months, and \$39,655 during the period from October 1, 2023 to August 31, 2024.

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

The Company had non-cash transactions as follows:

	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2022</b>	<b>2021</b>
Significant non-cash investing and financing activities:		
Investing activities		
Mineral properties expenditures included in accounts payable and accrued liabilities and due to operating partner	\$ 597,155	\$ -
Shares issued for mineral properties	8,500	-
Financing activities		
Fair value of options exercised	27,600	-
Fair value of finder's units	\$ -	\$ 17,100

**14. SUBSEQUENT EVENT**

The Company issued 250,000 common shares pursuant to an option agreement (Note 7(a)).