



**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