fjordland

EXPLORATION INC.

ANNUAL REPORT 2008

www.fjordlandex.com

To Shareholders:

During 2008, Fjordland achieved some excellent successes with its exploration at the Woodjam copper-gold-molybdenum property in the Cariboo region of central British Columbia. A 60% interest in the Woodjam property was vested in 2006, with Cariboo Rose owning the remaining 40%. Three phases of drilling consisting of 18 holes totaling 7,700 metres were completed. In the newly discovered Southeast Zone, a total of 18 drill holes totaling 7,260 metres over an area 1,000 metres in length and 500 metres in width have intersected significant porphyry style copper-gold-molybdenum mineralization from the bedrock surface to the bottoms of all the holes. The deepest hole was 700.4 metres. Fifteen of the eighteen holes have been drilled on a spacing of 100 metres or less, on a grid pattern 600 metres by 300 metres. Less than one-fifth of the geophysical (IP) target has been drill tested. One hole, drilled in the Takom Zone, returned the best grade encountered to date. The first two holes ever drilled on the Deerhorn Zone resulted in the discovery of copper-gold mineralization, similar in character to the Megabuck Zone. In addition, induced polarization and magnetic surveys provided detailed definition of known zones, as well as identifying new zones for follow-up exploration.

The Woodjam property encompasses 48,000 hectares, one of the largest land positions in one of British Columbia's most active mining camps, which includes three producing mines (Gibraltar, Mount Polley and QR), as well as a past producing mine (Boss Mountain). Similar to other porphyry deposits in the Quesnel Trough, such as Northgate's Kemess, Taseko's Gibraltar and Imperial Metal's Mount Polley mines, Woodjam is prospective for hosting large, bulk-tonnage copper-gold-molybdenum deposits. In January 2009, Research Capital reported that the Southeast Zone discovery at Woodjam ranked amongst the top 12 new discoveries in the world over the past 3 years. Fjordland continues to explore potential options to attract a Third Party to join the Woodjam Joint Venture. During 2008, Fjordland, as operator of the 50%-50% QUEST Joint Venture with Serengeti Resources, completed 600 line-kilometres of airborne magnetic surveys at 250 metre line spacing; a total of 20 properties have now been flown. In April, 2008 an additional 8 properties were acquired; the total QUEST package now includes 27 properties totaling greater than 144,000 hectares. During April-November, approximately 115 line kilometres of ground reconnaissance IP, prospecting and geochemical soil sampling surveys were carried out on seven properties. A priority drill target has been outlined covering a coincident geophysical and gold-copper geochemical soil anomaly on the Mil property.

Management is very pleased with the successes from the systematic exploration programs carried out to date on properties within its QUEST Joint Venture area. As of January 1, 2009, according to the terms of the JV Agreement, Serengeti became the Operator of the QUEST Joint Venture for 2009.

On behalf of the Board of Directors,

"Thomas G. Schroeter"

Thomas G. Schroeter, P.Eng., P.Geo.
President, CEO & Director

April 24, 2009

AUDITORS' REPORT

To the Shareholders of
Fjordland Exploration Inc.

We have audited the consolidated balance sheets of Fjordland Exploration Inc. as at December 31, 2008 and 2007 and the consolidated statements of operations and comprehensive loss, cash flows and shareholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

April 17, 2009

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, BC, Canada, V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

FJORDLAND EXPLORATION INC.
Consolidated Balance Sheets
December 31
Canadian Funds

		2008		2007
Assets				
Current				
Cash	$	129,152	$	1,084,991
Receivables		187,479		113,611
Prepaids		12,665		19,751
		329,296		1,218,353
Exploration Advances		-		58,385
Mineral Properties *(Note 5)*		4,936,249		3,184,907
Deposit for Reclamation		19,500		24,171
Equipment *(Note 6)*		7,370		10,894
	$	5,292,415	$	4,496,710
Liabilities				
Current				
Accounts payable and accrued liabilities	$	39,846	$	73,733
Advance from exploration partner *(Note 5 (a))*		-		43,687
		39,846		117,420
Shareholders' Equity				
Share Capital *(Note 7)*		16,585,168		15,470,011
Option Compensation *(Note 7(e))*		1,191,474		930,785
Contributed Surplus		73,994		45,430
Deficit		(12,598,067)		(12,066,936)
		5,252,569		4,379,290
	$	5,292,415	$	4,496,710

Continued Operations *(Note 1)*
Commitments *(Note 13)*
Subsequent Events *(Note 15)*

On behalf of the Board:

	"Thomas G. Schroeter"	*"G. Ross McDonald"*
	Thomas G. Schroeter	G. Ross McDonald

See accompanying notes to the consolidated financial statements

FJORDLAND EXPLORATION INC.
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31
Canadian Funds

		2008		2007
General and administrative expenses				
Accounting and audit	$	87,246	$	81,553
Administration fees		43,749		45,832
Amortization		3,524		3,129
Consulting fees		12,000		27,286
Filing fees		6,781		12,999
Interest		5,120		23,302
Legal fees		3,784		3,574
Office and printing		25,072		26,027
Rent		32,235		30,183
Shareholders' information		114,652		92,311
Stock-based compensation *(Note 7 (d))*		328,814		260,133
Transfer agent fees		8,978		8,319
Wages and benefits		52,825		16,301
Loss Before Other Items		(724,780)		(630,949)
Other Items				
Interest income		13,323		32,197
Property investigation		(8,241)		(15,451)
Recovery of mineral property expenditures previously written off		28,540		
Mineral properties written-off *(Note 5)*		(22,200)		(792,561)
Loss Before Income Taxes		(713,358)		(1,406,764)
Future income tax recovery *(Note 12)*		182,227		594,558
Loss and Comprehensive Loss for the Year	$	(531,131)	$	(812,206)
Basic and Diluted Loss Per Share	$	(0.01)	$	(0.02)
Weighted Average Shares Outstanding		55,767,133		47,573,262

See accompanying notes to the consolidated financial statements

FJORDLAND EXPLORATION INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31
Canadian Funds

	2008	2007
Cash provided by (Used for):		
Operating Activities		
Loss for the year	$ (531,131)	$ (812,206)
Less: non cash items		
Amortization	3,524	3,129
Stock-based compensation	328,814	260,133
Mineral properties written-off	22,200	792,561
Future income tax recovery	(182,227)	(594,558)
	(358,820)	(350,941)
Net Change in non-cash working capital		
Receivables	70,974	(99,538)
Prepaid expenses	7,086	(8,907)
Accounts payable	(23,876)	27,367
Due to related parties	-	(46,600)
	(304,636)	(478,619)
Financing Activities		
Shares issued for cash, net of issue costs	1,243,723	1,694,733
	1,243,723	1,694,733
Investing Activities		
Exploration advances	-	(58,385)
Exploration partner advances	-	(43,781)
Mineral property recoveries	1,027,526	351,883
Resource property expenditures	(2,927,123)	(1,811,111)
Reclamation deposits	4,671	-
Purchase of equipment	-	(4,114)
	(1,894,926)	(1,565,508)
Net Decrease in Cash	(955,839)	(349,394)
Cash Position - Beginning of Year	1,084,991	1,434,385
Cash Position - End of Year	$ 129,152	$ 1,084,991

Supplemental Disclosure with Respect to Cash Flows *(Note 8)*

FJORDLAND EXPLORATION INC.
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31
Canadian Funds

	Share Capital		Share	Option	Contributed		Total Shareholder's
	No. of Shares	Amount	Subscription	Compensation	Surplus	Deficit	Equity
	(Note 7)			*(Note 7(d))*			
Balance December 31, 2006	45,522,020	$ 14,369,218	$ -	$ 671,270	$ 45,430	$ (11,254 730)	$ 3,831,188
Shares issued for cash							
Private placements, net of issue costs	3,097,524	986,333					986,333
Exercise of options	357,500	42,650					42,650
Exercise of warrants	2,264,750	665,750					665,750
Issued for other consideration							
Tax cost recognized on issuance of flow-through shares		(594,558)					(594,558)
Transfer to share capital on exercise of options		618		(618)			-
Stock-based compensation				260,133			260,133
Loss for the year					-	(812,206)	(812,206)
	5,719,774	1,100,793	-	259,515	-	(812,206)	548,102
Balance, December 31, 2007	51,241,794	15,470,011	-	930,785	45,430	(12,066,936)	4,379,290
Shares issued for cash							
Private placements, net of issue costs	10,334,476	1,163,723					1,163,723
Exercise of options	800,000	80,000					80,000
Issued for other consideration							
Mineral properties	60,000	14,100					14,100
Tax cost recognized on issuance of flow-through shares		(182,227)					(182,227)
Transfer to share capital on exercise of options		39,561		(39,561)			-
Transfer to contributed surplus on expiry of options				(28,564)	28,564		-
Stock-based compensation				328,814			328,814
Loss for the year						(531,131)	(531,131)
	11,194,476	1,115,157	-	260,689	28,564	(531,131)	873,279
Balance December 31, 2008	**62,436,270**	**$ 16,585,168**	**$ -**	**$ 1,191,474**	**$ 73,994**	**$ (12,598,067)**	**$ 5,252,269**

See accompanying notes to the consolidated financial statements

1. CONTINUED OPERATIONS

The Company 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.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at December 31, 2008, the Company has an accumulated deficit of $12,598,067 (2007 - $12,066,936), has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The Company's ability to continue as a going concern is dependent on its ability to raise equity financing and attain profitable operations. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities and the reported revenues and expenses should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

(a) Basis of Presentation

These consolidated financial statements include the accounts of the Company and its wholly owned inactive subsidiary Nevada Prospectors Inc. ("NPI").

(b) Mineral Properties

Acquisition costs of mineral properties and direct exploration expenditures thereon are capitalized on an individual prospect basis. Costs relating to properties abandoned are written-off when such decision is made. When production is attained, these costs are reclassified as mining assets and are amortized using the unit of production method based upon estimated recoverable reserves.

If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop the properties and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain mineral claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated title to its mineral interests and, to the best of its knowledge, ownership of its interests are in good standing.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its mineral interests in good standing.

(d) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recognized using the following:

Office equipment - 30% declining balance
Furniture and fixtures - 20% declining balance
Leasehold improvements - straight line basis over term of lease

(e) Stock-Based Compensation

The Company accounts for stock-based payments to directors, employees and non-employees, including direct awards of stock, using the Black-Scholes option pricing model, a fair value based method, and are recorded as an expense over the period the stock-based payments are vested with a corresponding increase in shareholders' equity under option compensation. When stock options are exercised the corresponding fair value is transferred to share capital. When stock options are forfeited, cancelled or expired the corresponding fair value is transferred to contributed surplus.

(f) Earnings (Loss) per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

For the years presented, this calculation proved to be anti-dilutive and is not presented separately.

(g) Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

The Company does not have any significant asset retirement obligations.

(h) Share Capital

Share capital is comprised of proceeds from share issuances, net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date of issue.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Share Capital (continued)

Canadian tax legislation permits a company to issue flow-through common shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investor(s) rather than the company. The Company records a future income tax liability and a reduction in share capital for the estimated tax benefit transferred to the investor(s).

When flow-through expenditures are renounced, a portion of future income tax assets not recognized in previous years, due to the recording of valuation allowance, will be offset against related future income tax liabilities and recognized as a recovery of future income taxes in the Statement of Operations.

(i) Foreign Currency Translation

The accounts of the Company's foreign operations have been translated into Canadian dollars, using the temporal method, as follows:

(i) Monetary assets and liabilities at year-end rates;
(ii) All other assets and liabilities at historical rates; and
(iii) Revenue and expense and exploration and development items at rates approximating those in effect at the time of the transactions.

Exchange gains and losses arising from these transactions are reflected in income or expense in the year.

(j) Future Income Taxes

The Company uses the asset and liability method of accounting for income taxes whereby the change in the net future tax asset or liability is included in income. The income tax effects of temporary differences at the time when income and expenses are recognized in accordance with Company accounting practices, and the time they are recognized for income tax purposes, are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using statutory rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

(k) Management's Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas of estimate include the impairment of assets and rates for amortization, accrued liabilities, future income tax balances and valuation allowances, and the inputs used in calculating stock-based compensation. Actual results may differ from those estimates and may impact future results of operations and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instruments classification. Held-for-trading instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Deposits for reclamation are classified as held to maturity. Accounts payable and accrued liabilities are classified as other financial liabilities; all of which are measured at amortized cost.

(m) Comprehensive Income

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

3. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the following accounting policies:

(a) Financial instruments

CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges.

CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

3. CHANGE IN ACCOUNTING POLICIES (continued)

(b) Capital disclosures

CICA Handbook Section 1535 establishes standards for the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The adoption of these sections had no impact on the Company's financial statements other than additional disclosure in Notes 9 and 14.

4. RECENT ACCOUNTING PRONOUNCEMENTS

(a) Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

(b) Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

The Company does not anticipate the adoption of the above standards will have a significant impact on the Company's consolidated financial statements.

(c) International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company is currently assessing the impact of the above new standards on its financial statements.

5. MINERAL PROPERTIES

At December 31, 2008 and 2007, expenditures made on mineral properties by the Company are as follows:

	Woodjam B.C.	QUEST B.C.	Total
Balance, December 31, 2007	$2,943,458	$241,449	$3,184,907
Additions during year:			
Acquisition costs	42,316	43,671	85,987
Exploration costs:			
Operator fees	(21,844)	(11,564)	(33,408)
Property	39,417	13,628	53,045
Permitting	-	17,190	17,190
Administration	2,945	-	2,945
Geology	45,961	46,377	92,338
Geophysics	149,053	443,638	592,691
Data verification	9,645	11,132	20,777
Drilling	1,982,271	-	1,982,271
Grid establishment	175,761	-	175,761
	2,383,209	520,401	2,903,610
Additions during year	2,425,525	564,072	2,989,597
Joint Venture recoveries	(980,816)	(221,591)	(1,202,407)
Cost recoveries	(6,824)	(6,824)	(13,648)
Write-offs	(22,200)	-	(22,200)
Balance, December 31, 2008	$4,359,143	$577,106	$4,936,249

	Woodjam B.C.	Olympic-Rob Yukon	QUEST B.C.	Total
Balance, December 31, 2006	$2,362,775	$161,182	$ -	$2,523,957
Additions during year:				
Acquisition costs	4,319	-	14,850	19,169
Exploration costs:				
Operator fees	(6,685)	-	(843)	(7,528)
Property	25,915	15,872	39,139	80,926
Administration	-	3,948	9,409	13,357
Geology	44,557	32,439	4,184	81,180
Geophysics	159,362	4,280	176,720	340,362
Data verification	2,051	1,974	-	4,025
Drilling	562,448	583,648	-	1,146,096
Grid establishment	120,279	-	-	120,279
	907,927	642,161	228,609	1,778,697
Additions during year	912,246	642,161	243,459	1,797,866
Joint Venture recoveries	(331,563)	-	(2,010)	(333,573)
Cost recoveries	-	(10,782)	-	(10,782)
Write-offs	-	(792,561)	-	(792,561)
Balance, December 31, 2007	$2,943,458	$ -	$241,449	$3,184,907

5. MINERAL PROPERTIES (continued)

(a) Woodjam, B.C.

The Company holds a 60% interest in mineral claims located in central British Columbia.

Effective March 29, 2006, the Company entered into a joint venture agreement with Wildrose Resources Ltd. ("Wildrose") to fund future exploration and development expenditures on a Fjordland 60% - Wildrose 40% basis. During the 2006 fiscal year, Wildrose transferred its interest to Cariboo Rose Resources Ltd. ("Cariboo Rose"). The Company is the operator of the project and pursuant to the agreement will earn a 3% operator fee on costs incurred. As at December 31, 2008, the Company had received advances from its joint venture partner of $Nil (2007 - $43,687).

On February 6, 2008, the Woodjam Joint Venture signed a letter agreement with an individual to acquire 100% interest in the Big-Moose Horn mineral property in central British Columbia. Under the terms of the letter agreement, the Woodjam Joint Venture partners must make a cash payment of $2,500 (paid) and issue 30,000 shares of the Company (issued at a value of $7,050) and 20,000 shares of Cariboo Rose.

On February 18, 2008, the Woodjam Joint Venture entered into an option agreement to acquire a 100% interest in the Magalloy 1-14 and Magex 1-12 mineral properties in central British Columbia subject to a 1% net smelter royalty. Under the terms of the option agreement, the Woodjam Joint Venture partners, at their option, must make cash payments totaling $200,000 ($25,000 paid) and issue a total of 180,000 shares of the Company (30,000 issued at a value of $7,050) and 120,000 shares of Cariboo Rose by February 2012. The Joint Venture decided not to continue with this property and subsequently the Company wrote-off related costs of $22,200.

(b) QUEST, BC

By a Letter of Intent dated July 30, 2007, the Company agreed to enter into a 50% - 50% Joint Venture with Serengeti Resources Inc. ("Serengeti"), a company related by a director in common, to explore properties in the Quesnel Terrane (Prince George) area of British Columbia.

On February 21, 2008, the Company executed a joint venture agreement with Serengeti. The Company is the operator of the QUEST Joint Venture for 2008. The operator is to alternate on an annual basis and will earn an operator fee of 5% or 10% based on the magnitude of expenditures.

(c) Olympic-Rob, Yukon

By an agreement dated July 27, 2006, the Company was granted an option to acquire a 60% interest in mineral claims located in Yukon, Canada from Commander Resources Ltd. ("Commander"), a company with a director in common at that time. In order to exercise the option, the Company, through to December 31, 2011, was required to issue an aggregate of 1,600,000 shares (350,000 issued), make aggregate cash payments of $250,000 ($50,000 paid) and incur aggregate exploration expenditures of $7,000,000.

On December 11, 2007, the Company relinquished its option on the property and has written-off $792,561 of acquisition and exploration costs, net of recoveries.

The Company and Commander are currently in disagreement as to whether the Company had fulfilled certain requirements under the option agreement. The parties are attempting to resolve their differences.

6. EQUIPMENT

Details are as follows:

December 31, 2008	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 6,161	$ 4,817	$ 1,344
Office equipment	35,654	32,169	3,485
Leasehold improvements	10,171	7,630	2,541
	$ 51,986	$ 44,616	$ 7,370

December 31, 2007	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 6,161	$ 4,481	$ 1,680
Office equipment	35,654	30,676	4,978
Leasehold improvements	10,171	5,935	4,236
	$ 51,986	$ 41,092	$ 10,894

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Private Placements

(i) In June 2008, the Company completed a non-brokered private placement for the issue of 5,039,700 flow-through common shares at $0.15 per share and 1,670,000 non flow-through units at $0.15 per unit. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one common share at a price of $0.35 until June 9, 2009. The Company issued 290,776 shares in finders' fees valued at $43,616 and incurred additional share issue cost in the amount of $8,378 in connection with the private placement.

(ii) In November 2008, the Company completed a non-brokered private placement for the issue of 3,334,000 units at a price of $0.05 per unit. Each unit consists of one common share and one half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one common share at a price of $0.10 until November 27, 2009. The Company incurred share issue costs of $1,054 in connection with the private placement.

(iii) In August 2007, the Company completed the first tranche of a non-brokered private placement of 1,551,429 flow-through units at a price of $0.35 per unit and 198,000 non flow-through units at a price of $0.30 per unit for gross proceeds of $602,400. Each flow-through unit consisted of one flow-through common share and one-half non-transferable common share purchase warrant. Each whole warrant entitled the holder to acquire one additional common share exercisable at a price of $0.50 per share until August 15, 2008. Each non flow-through unit consisted of one common share and one-half non-transferable common share purchase warrant.

Each whole warrant entitled the holder to acquire one additional common share exercisable at a price of $0.40 per share until August 15, 2008. The Company issued 114,400 shares in finders' fees valued at $40,040 and incurred additional share issue costs in the amount of $8,370 in connection with the private placement.

7. SHARE CAPITAL (continued)

(b) Private Placements (continued)

(iv) In August 2007, the Company completed the final tranche of a non-brokered private placement of 908,571 flow-through units at a price of $0.35 per unit and 256,667 non flow-through units at a price of $0.30 per unit for gross proceeds of $395,000. Each flow-through unit consisted of one flow-through common share and one-half non-transferable common share purchase warrant. Each whole warrant entitled the holder to acquire one additional common share exercisable at a price of $0.50 per share until August 29, 2008. Each non flow-through unit consisted of one common share and one-half non-transferable common share purchase warrant. Each whole warrant entitled the holder to acquire one additional common share exercisable at a price of $0.40 per share until August 29, 2008. The Company issued 68,457 shares in finders' fees valued at $23,600 and incurred additional share issue costs in the amount of $2,697 in connection with the private placement.

(c) Stock Options

Options to purchase common shares have been granted to directors, officers, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

On June 5, 2008, the Company received shareholder approval to grant up to 10,260,350 common shares under the Company's Stock Option Plan. Options granted under the plan vest as follows:

(i) 25% on the date of the grant;
(ii) 25% six months after the date of the grant;
(iii) 25% twelve months after the date of the grant;
(iv) 25% eighteen months after the date of the grant.

At December 31, 2008, the Company had stock options outstanding for the purchase of 6,600,000 common shares. Of this amount, options to purchase 5,300,000 common shares with a weighted average exercise price of $0.24 were fully vested and exercisable at December 31, 2008.

	2008		**2007**	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	5,010,000	$0.23	4,867,500	$0.22
Granted	2,600,000	$0.15	500,000	$0.32
Exercised	(800,000)	$0.10	(357,500)	$0.12
Cancelled	(210,000)	$0.10	-	-
Outstanding at end of year	6,600,000	$0.22	5,010,000	$0.23

The following summarizes information about stock options outstanding at December 31, 2008:

Number of Shares	Expiry Date	Exercise Price
1,000,000	August 5, 2009	$0.370
690,000	January 30, 2010	$0.180
150,000	February 23, 2011	$0.210
150,000	May 31, 2011	$0.370
1,510,000	December 20, 2011	$0.205
500,000	May 28, 2012	$0.320
2,600,000	May 5, 2013	$0.150
6,600,000		

7. SHARE CAPITAL (continued)

(d) Stock-Based Compensation

During the year ended December 31, 2008 the Company granted stock options to employees, directors and consultants to acquire up to 2,600,000 common shares at an exercise price of $0.15 per share (2007 - 500,000 common shares at an exercise price of $0.32 per share).

The fair value of options granted during the year was $363,289 (2007 - $149,235). Total stock based compensation expense recognized for the options that vested during the year was $328,814 (2007 - $260,133). The fair value of unvested options outstanding at year end was $181,645 ($2007 - $147,170). During the year ended December 31, 2008, the fair value of options exercised was $39,561 (2007 - $618), which is reclassified from the option compensation account to share capital.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2008	2007
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	160%	159%
Risk-free interest rate	2.88%	3.58%
Expected life of options	5 years	5 years

The weighted average fair value of options granted during the year is $0.14 (2007 - $0.30) per option.

Option pricing models require the input of highly subjective assumptions including 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.

(e) Warrants

At December 31, 2008 there was an aggregate of 2,502,000 share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Outstanding at December 31, 2007	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2008
$0.50	January 04, 2008	22,500	-	-	(22,500)	-
$0.40	August 15, 2008	99,000	-	-	(99,000)	-
$0.50	August 15, 2008	775,714	-	-	(775,714)	-
$0.40	August 29, 2008	128,333	-	-	(128,333)	-
$0.50	August 29, 2008	454,284	-	-	(454,284)	-
$0.35	June 09, 2009		835,000			835,000
$0.10	November 27, 2009		1,667,000			1,667,000
		1,479,831	2,502,000	-	(1,479,831)	2,502,000

7. SHARE CAPITAL (continued)

(e) Warrants (continued)

At December 31, 2007 there was an aggregate of 1,479,831 share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Outstanding at December 31, 2006	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2007
$0.25	February 07, 2007	840,000	-	(418,500)	(421,500)	-
$0.50	November 30, 2007	525,000	-	-	(525,000)	-
$0.50	January 04, 2008	22,500	-	-	-	22,500
$0.25	October 31, 2007	600,000	-	(450,000)	(150,000)	-
$0.25	November 07, 2007	80,000	-	(20,000)	(60,000)	-
$0.35	December 27, 2007	765,000	-	(615,000)	(150,000)	-
$0.30	December 27, 2007	826,250	-	(761,250)	(65,000)	-
$0.40	August 15, 2008	-	99,000	-	-	99,000
$0.50	August 15, 2008	-	775,714	-	-	775,714
$0.40	August 29, 2008	-	128,333	-	-	128,333
$0.50	August 29, 2008	-	454,284	-	-	454,284
		3,658,750	1,457,331	(2,264,750)	(1,371,500)	1,479,831

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2008	2007
Significant non-cash investing and financing activities:		
Operating activities	-	-
Investing activities		
Resource expenditures included in accounts payable at year end	$ -	$ 10,011
Exploration partner recoveries included in receivables at year end	144,842	-
Exploration partner advances applied to mineral property recoveries	43,687	-
Exploration advances applied to mineral property costs	58,385	-
Financing activities		
Shares issued for resource properties	$ 14,100	$ -
Shares issued as finder’s fees	43,616	63,640
Fair value of options exercised	39,561	618
Other cash flow information		
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -

9. 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. These budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

10. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:

(a) The Company incurred administrative and geological consulting fees of $5,000 (2007 - $36,000) charged by a director of which $Nil (2007 - $16,714) was capitalized to mineral properties. The Company also incurred accounting fees of $45,000 (2007 - $48,280) charged by a relative of a director.

(b) Included in receivables is $18,382 (2007 - $17,744) due from companies with a director in common.

(c) The Company incurred administrative and corporate secretary fees of $30,000 (2007 - $30,000) charged by an officer.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

11. SEGMENTED INFORMATION

The Company operates only in the mineral exploration segment. Substantially all of the Company's assets and operations are located in Canada.

The breakdown by geographic region is as follows:

December 31, 2008	Canada	United States	Total
Capital assets	$ 4,963,119	$ -	$ 4,963,119

December 31, 2007	Canada	United States	Total
Capital assets	$ 3,205,301	$ 14,671	$ 3,219,972

12. INCOME TAXES

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

		2008		**2007**
Loss before income taxes	$	(713,358)	$	(1,406,764)
Expected income tax recovery		(221,141)		(479,840)
Amortization		1,093		1,068
Stock-based compensation		101,932		88,757
Other non-deductible items		8,345		299,013
Deductible items		(11,455)		(8,645)
Unrecognized benefit of non-capital losses		(61,001)		(494,911)
Future income tax recovery	$	(182,227)	$	(594,558)

Future income tax assets reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's future tax assets are as follows:

		2008		**2007**
Non-capital loss carry-forwards	$	597,000	$	437,000
Mineral property exploration expenditures		939,000		1,245,000
Equipment		14,000		13,000
Share issuance costs		28,000		23,000
		1,578,000		1,718,000
Valuation allowance		(1,578,000)		(1,718,000)
	$	-	$	-

The Company has available for deduction against future taxable income non-capital losses of approximately $1,370,000. The Company's non-capital loss carry-forwards expire between 2009 and 2028. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

During the current year, the Company renounced $560,700 (2007 - $1,742,550) of its mineral expenditures to flow-through shareholders. The resultant loss of future income tax assets, which is treated as a cost of issuing flow-through shares (Note 2 (i)), gives rise to a future income tax liability of $182,227 (2007 - $594,558). This liability has been offset by the Company's recognition of future income tax assets that have been previously offset by a valuation allowance which resulted in a future income tax recovery of $182,227 (2007 - $594,558). As at December 31, 2008, the amount of flow-through proceeds remaining to be expended is $Nil (2007 - $430,997).

13. COMMITMENTS

In 2004, the Company entered into a six-year lease agreement for office premises effective July 1, 2004. Minimum future annual lease payments based on basic rent charges are as follows:

Fiscal Year		**Amoun**
2009		14,815
2010		7,408
	$	22,223

In addition to basic rent, the Company is also subject to its proportionate share of taxes and operating costs.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, deposits for reclamation, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Credit Risk

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

The Company's cash is primarily held in major Canadian financial institutions. The Company's receivables consist mainly of GST receivables due from the Federal Government of Canada and a balance due relating to mineral property recoveries. Management believes that the credit risk concentration with respect to financial instruments included in receivables in 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, against cash and cash equivalent holdings. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements.

The current financial crisis increases liquidity risk, as other things being equal, the price of an asset will be reduced if the holder cannot sell the asset immediately.

Foreign Exchange Risk

The Company is not exposed to significant foreign exchange risk as it operates in Canada and makes few foreign currency purchases.

15. SUBSEQUENT EVENTS

On March 23, 2009, the Company completed a non-brokered private placement of 2,054,000 flow-through common shares at a purchase price of $0.07. A finder's fee of 34,320 common shares was issued in connection with the financing.

Description of Business

This Management Discussion and Analysis ("MD&A") of Fjordland Exploration Inc. ("Fjordland" or "the Company") is dated April 24, 2009. This MD&A should be read in conjunction with the audited consolidated financial statements of Fjordland Exploration Inc. and the notes thereto for the year ended December 31, 2008 which have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All amounts referred to herein are in Canadian dollars unless otherwise specified. Additional information relating to the Company including material change notices, certifications of Annual and Interim Filings, and press releases, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

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.

The Company is an exploration stage company engaged in the acquisition and exploration of prospective copper, gold and molybdenum properties primarily in Canada. The Company is currently focusing its exploration activities on a copper-gold-molybdenum project in British Columbia. The Company also has a significant land position exploring other copper-gold targets in central British Columbia.

The Company is a reporting issuer in British Columbia and trades on the TSX Venture Exchange under the symbol FEX.

Significant Events, Transactions and Activities on Mineral Properties

In order to more fully understand Fjordland's financial results, it is important that the reader gain an appreciation for the significant events, transactions and activities on mineral properties, which occurred during the year ended December 31, 2008 and to the date of this MD&A.

Canada

Woodjam, British Columbia

Effective March 29, 2006, the Company entered into a joint venture agreement ("Woodjam Joint Venture") with Cariboo Rose Resources Ltd. ("Cariboo Rose") to fund future exploration and development expenditures on a Fjordland 60% - Cariboo Rose 40% basis. The Company is operator of the project.

In 2006 and 2007, the Woodjam Joint Venture acquired additional mineral claims adjacent to, and in the vicinity of, the Woodjam property.

In January 2008, the Company reported the final results for the 2007 diamond drilling program completed on the Woodjam property. Hole 07-79, the most northerly of three widely-spaced vertical holes in the newly discovered Southeast Zone, intersected 203.55 metres of copper-molybdenum mineralization averaging 0.34% copper and 0.014% molybdenum from bedrock surface at 145.20 metres to 348.75 metres. The final 3.90 metres of the hole encountered a cross-cutting, post-mineral basaltic dyke and the mineralization in this hole is thought to continue at depth. A higher-grade portion of this hole, beginning at the bedrock surface, graded 0.40% copper and 0.014% molybdenum over 113.80 metres.

In February 2008, the Woodjam Joint Venture acquired two new properties adjoining the Woodjam property; thus bringing the total area of the Woodjam project to 44,000 hectares.

For a 100% clear title and ownership in the Big-Moose Horn property, Fjordland and Cariboo Rose paid a cash sum payment of $2,500 and issued 30,000 shares of the Company and 20,000 shares of Cariboo Rose.

To maintain the right and option to acquire 100% interest in the Magalloy 1-14 and Magex 1-12 property, Fjordland and Cariboo Rose would have had to pay over a four year period a cash sum totaling $200,000 ($25,000 paid) and issue a total of 180,000 shares (30,000 issued) valued at $7,050 of the Company and 120,000 shares of Cariboo Rose. The Joint Venture decided not to continue with this property and subsequently the Company wrote-off related costs of $22,200.

In May 2008, Phase One of the 2008 drilling program and an IP survey were completed. A total of 2,206 metres in four holes were completed in the Southeast Zone.

In July 2008, additional claims were staked.

A summary of results is provided in the following table:

Drill Hole	From (m)	To (m)	Core length (m)	Cu%	Mo%	Au g/t
WJ-08-83	128.63	530.66	402.03	0.44	0.006	0.079
including	128.63	365.00	236.37	0.56	0.003	0.106
including	128.63	200.56	71.93	0.80	1.003	0.123
including	160.93	200.56	39.63	1.02	0.006	0.221
Previously Reported:						
WJ-07-79	145.20	348.80	203.60	0.34	0.014	
WJ-08-80	189.90	581.60	391.70	0.22	0.012	
WJ-08-81	172.20	393.20	221.00	0.28	0.016	
WJ-08-82	129.50	700.40	570.90	0.24	0.013	
All holes bottomed in mineralization and were lost due to bad ground conditions or were terminated due to rig capability.						

During July and August 2008, seven holes totaling 2,697 metres were completed in a Phase Two drilling program on the Southeast Zone. Hole 08-84 intersected 200.76 metres averaging 1.01% copper and 0.44 g/t gold, including 51 metres averaging 1.61% copper and 0.84 g/t gold. The drill results follow:

Drill Hole	From (m)	To (m)	Core length (m)	Cu%	Mo%	Au g/t
WJ-08-84	129.24	356.01 (eoh)	226.77	0.93	0.003	0.40
including	129.24	330.00	200.76	1.01	0.002	0.44
including	264.00	309.00	51.00	1.61	0.004	0.84
WJ-08-85	158.50	356.68 (eoh)	198.18	0.31	0.004	0.06
including	158.50	230.00	71.50	0.41	0.005	0.08
WJ-08-86	88.39	419.71 (eoh)	331.32	0.20	0.009	0.03
including	360.00	415.00	58.00	0.31	0.026	0.05
WJ-08-88	134.11	355.70 (eoh)	221.59	0.46	0.013	0.05
including	134.11	314.00	179.89	0.50	0.012	0.05
including	160.63	182.27	21.64	0.82	0.010	0.05
WJ-08-89	140.21	392.28 (eoh)	252.07	0.28	0.009	0.06
including	154.53	297.00	142.47	0.33	0.010	0.07
WJ-08-90	89.31	422.76 (eoh)	333.45	0.26	0.022	0.04
including	89.31	165.00	75.69	0.40	0.011	0.06
WJ-08-91	130.06	395.33 (eoh)	265.27	0.12	0.005	0.02
including	190.00	244.00	54.00	0.22	0.010	0.03

(eoh = end of hole)

During October-November 2008, three new drill holes and one extended hole (08-84) totaling 1,357 metres were completed during a Phase Three program on the Southeast Zone. The four holes drilled in the Southeast Zone continued to expand the copper-gold-molybdenum mineralization. To date, on the Southeast Zone, eighteen vertical holes totaling 7,250 metres over an area 1,000 metres in length and 500 metres in width have intersected significant porphyry style copper-gold-molybdenum mineralization from the bedrock surface to the bottoms of all the holes. The deepest hole was 700.4 metres. Fifteen of the eighteen holes have been drilled on a grid pattern 600 metres by 300 metres. Less than one-fifth of the geophysical (IP) target has been drill tested.

Drill Hole	Area	From (m)	To (m)	Core Length (m)	Cu %	Au g/t	Mo %
WJ-08-84	**SE Zone**	125.88	485.00 (eoh)	359.12	0.69	0.27	0.006
including		125.88	326.64	200.76	1.01	0.44	0.002
including		260.64	311.64	51.00	1.61	0.84	0.004
WJ-08-95	**SE Zone**	100.98	367.81 (eoh)	267.23	0.25	0.06	0.006
including		103.00	148.00	45.00	0.37	0.11	0.001
WJ-08-96	**SE Zone**	173.74	425.81 (eoh)	252.07	0.39	0.09	0.008
including		245.97	270.35	24.38	0.47	0.11	0.006
including		317.00	347.00	30.00	0.49	0.13	0.005
WJ-08-97	**SE Zone**	131.06	270.36 (eoh)	139.30	0.13	0.02	0.007

(eoh = end of hole)

In addition, one hole was drilled in the Takom Zone, two holes were completed in the newly discovered Deerhorn Zone and a reconnaissance hole was drilled in the East Megabuck target. The drill results follow:

Drill Hole	Area	From (m)	To (m)	Core Length (m)	Cu %	Au g/t	Mo %
WJ-08-87	**Takom**	98.62	226.00	127.28	0.26	0.40	-
including		109.20	181.00	71.80	0.34	0.60	-
including		109.20	142.00	32.80	0.45	1.04	-
WJ-08-92	**Deerhorn**	43.59	279.81 (eoh)	236.22	0.10	0.13	-
including		43.59	91.50	47.91	0.12	0.22	-
Including		214.50	243.02	28.52	0.21	0.54	-
WJ-08-93	**Deerhorn**	33.53	102.50	68.97	0.22	0.50	-
including		75.50	90.50	15.00	0.32	0.87	-
WJ-08-94	**E Megabuck**	31.00	37.00	6.00	0.04	0.85	0.001
including		196.00	208.00	12.00	0.10	0.12	0.001

(eoh = end of hole)

Hole 08-87 in the Takom Zone represents the best grade intercept for this zone to date, returning 127.28 metres grading 0.26% copper and 0.40 g/t gold, including 32.80 metres grading 0.45% copper and 1.04 g/t gold. The mineralization displays similar copper-gold ratios to the Megabuck Zone. A large part of the 3 kilometre long Takom IP geophysical anomaly remains to be drill tested.

Holes 08-92 and 08-93 were the first drill holes on the Deerhorn Zone designed to test an IP geophysical anomaly measuring approximately 800 metres by 400 metres and resulted in the discovery of a new mineralized area. Hole 92 intersected 236.22 metres grading 0.10% copper and 0.13 g/t gold, including 28.52 metres grading 0.21% copper and 0.54 g/t gold. Hole 93 intersected 68.97 metres grading 0.22% copper and 0.50 g/t gold, including 0.32% copper and 0.87 g/t gold over 15 metres. The holes intersected quartz-chalcopyrite-magnetite stock works carrying significant gold values, similar in character to the Megabuck Zone.

In addition to diamond drilling, approximately 88 line kilometres of deep-penetrating induced polarization (IP) and 54 line kilometres of magnetic geophysical surveys were completed. These surveys were completed over selected target areas, including the recently acquired Magalloy option, west of the Takom gold-copper zone. Preliminary data suggests that the size of the previously outlined IP chargeability high anomaly over the Takom Zone extends westwards onto the Magalloy option; the anomaly now measures 3 kilometres by 3 kilometres in area.

Fjordland continues to explore opportunities to attract a Third Party to join the Woodjam Joint Venture. It has signed Confidentiality Agreements with several major mining companies. Given the depressed economic conditions during the latter part of 2008 and the early part of 2009, the Company is still formulating its plans for follow-up work in 2009.

QUEST, British Columbia

On July 30, 2007, the Company entered into a letter agreement with Serengeti Resources Inc. (“Serengeti”) to explore an 81 square kilometre copper/gold exploration property (Tezz), located 40 kilometres south of Prince George, BC. in order to further explore and develop copper-gold targets. On July 30, 2007, the Company and Serengeti signed a Letter of Intent (“LOI”) to enter into a 50:50 joint venture (“QUEST Joint Venture”) to pool eleven respective properties located in central British Columbia into the QUEST project. The Joint Venture acquired approximately 60,000 hectares of new claims between Williams Lake in the south and Mt. Milligan in the north.

In October 2007, the Joint Venture acquired additional properties in the area and added them to the QUEST Joint Venture. The project then consisted of 16 copper-gold exploration properties covering approximately 97,000 hectares.

In November-December 2007, a 6,624 line kilometre airborne magnetic survey, at 250 metre line spacing, over all 16 joint venture properties was completed. Results from the survey led to the prioritization of eleven targets for follow-up ground induced polarization (IP) surveys.

On February 21, 2008 the Company signed a definitive 50%-50% joint venture agreement with Serengeti. The Company was the operator of the project for 2008. The operatorship is to alternate on an annual basis and will earn an operator fee of 5% or 10% based on the magnitude of expenditures.

During February-March 2008, a 600 line-kilometre airborne geophysical survey, at 250 metre line spacing, was completed and an additional four properties, Oy, Mil, Inz and Duk were acquired. These properties are all located in the Quesnel Terrane area of British Columbia. In April 2008 an additional eight properties were acquired. The QUEST project now consists of 27 individual projects totaling greater than 144,000 hectares.

In March and April 2008 the QUEST Joint Venture staked additional properties.

During April-November 2008, approximately 115 line kilometres of ground IP surveys were completed on ten prioritized targets. After careful evaluation of the results of the IP surveys, reconnaissance prospecting and geochemical soil sampling surveys were carried out on seven properties (Q, ST, MP, Copper, Ping, Mil and PG). A high-priority gold target was outlined for drilling on the Mil property located 15 kilometres southwest of the Mt. Milligan copper-gold deposit.

On January 1, 2009, according to the terms of the JV Agreement, Serengeti became the Operator of the Joint Venture for 2009. On January 26, 2009 Serengeti presented a drilling plan for the Mil gold project, to consist of 3 drill holes totaling 900 metres and to start in early March. The drilling program was subsequently put on hold in early March 2009 in order to assimilate newly discovered historic records. A revised program has not yet been formally tabled with the QUEST Joint Venture.

Management is very pleased with the successes from the systematic exploration programs carried out to date on properties within its QUEST Joint Venture area.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2008, 2007 and 2006 is summarized in the table below.

	2008 ($)	2007 ($)	2006 ($)
Total revenues	Nil	Nil	Nil
General and administration expenses	724,780	630,949	489,628
Loss for the year	(531,131)	(812,206)	(631,640)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)
Working capital	289,450	1,100,933	1,273,151
Total assets	5,292,415	4,496,710	4,017,339
Total shareholders' equity (deficiency)	5,252,569	4,379,290	3,831,188
Cash dividends per share	Nil	Nil	Nil
Number of shares issued and outstanding	62,436,270	51,241,794	45,522,020

Results of Operations

(a) Current Quarter

The Company's cash position decreased from $281,256 to $129,152. The largest use of cash was for mineral property acquisitions and exploration cash expenditures

As of the Report Date, all of the $187,479 receivables at December 31, 2008 have been collected, which included $24,053.63 in GST filed and $161,790 due from Joint Venture Partners.

(b) Year Ended December 31, 2008

The Company's operations during the year ended December 31, 2008 resulted in a net loss of ($531,131) or ($0.01) per share compared to a net loss of ($812,206) or ($0.02) per share for 2007 and a net loss of ($631,640) or ($0.02) per share for 2006.

(a) Total stock-based compensation on options granted, and which were vested during the year ended December 31, 2008, resulted in $328,814 (2007 - $260,133) being expensed. Stock-based compensation is a non-cash item.

(b) Accounting and audit expenditures were $87,246 (2007 - $81,553); a decrease of $5,693.

(c) Investor relations and promotion expense was $114,652 (2007 - $92,311). A breakdown of investor relations and promotion expenses is provided below:

	December 31, 2008	December 31, 2007
Administration	$ 6,396	$ 8,105
Conferences	46,900	25,905
Consulting	36,000	34,750
Promotion	8,553	8,389
Media	16,803	15,162
	$ 114,652	$ 92,311

(d) Future income tax recovery of $182,227 (2007 - $594,558) was recorded due to the renouncement of flow-through shares and resulting recognition of future tax assets.

(e) Consulting fees of $12,000 (2007 - $27,286) represent a decrease of $15,286 from 2007. These consulting fees are allocated as to time spent on administration.

(f) Administration fees of $43,749 (2007 - $45,832) represents a decrease of $2,083 from 2007.

Exploration Expenditures

At December 31, 2008, expenditures made on mineral properties by the Company are as follows:

	Woodjam B.C.	QUEST B.C.	Total
Balance, December 31, 2007	$2,943,458	$241,449	$3,184,907
Additions during period:			
Acquisition costs	42,316	43,671	85,987
Exploration costs:			
Operator fees	(21,844)	(11,564)	(33,408)
Property	39,417	13,628	53,045
Permitting	-	17,190	17,190
Administration	2,945	-	2,945
Geology	45,961	46,377	92,338
Geophysics	149,053	443,638	592,691
Data verification	9,645	11,132	20,777
Drilling	1,982,271	-	1,982,271
Grid establishment	175,761	-	175,761
	2,383,209	520,401	2,903,610
Additions during period	2,425,525	564,072	2,989,597
Joint Venture recoveries	(980,816)	(221,591)	(1,202,407)
Cost recoveries	(6,824)	(6,824)	(13,648)
Write-offs	(22,200)	-	(22,200)
Balance, December 31, 2008	$4,359,143	$577,106	$4,936,249

Exploration expenditures during the year ended December 31, 2008 were $2,989,597 (2007 - $1,797,866), which consisted of $85,987 (2007 - $19,169) in acquisition costs and $2,903,610 (2007 - $1,778,697) in exploration costs.

During the year, the Company incurred cash option payments of $27,500 (2007 - $Nil), issued 60,000 shares (2007 - Nil) valued at $14,100 (2007 - $Nil) and had cost recoveries of $1,216,055 (2007 - $344,355).

During the year ended December 31, 2008, the Company wrote down $22,200 (2007 - $792,561) in acquisition and exploration costs.

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter for the three months ending on December 31, 2008 are summarized in the table below.

Financial Data for Last Eight Quarters								
Three months ended	**Dec-08**	**Sep-08**	**Jun-08**	**Mar-08**	**Dec-07**	**Sep-07**	**Jun-07**	**Mar-07**
Total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
General and administration	(234,905)	(82,784)	(300,762)	(106,329)	(256,704)	(69,600)	(206,998)	(97,647)
Income (loss) for the period	(226,458)	(79,974)	(299,684)	74,985	(953,309)	(62,098)	(199,821)	403,022
Basic earnings (loss) per share	(0.02)	(0.01)	(0.01)	0.01	(0.02)	(0.01)	(0.01)	0.01
Total Assets	5,292,415	5,328,619	5,266,377	4,723,180	4,496,710	5,105,931	4,255,285	4,086,792
Exploration Expenditures	569,748	912,574	864,403	642,872	651,390	610,976	385,074	150,426

Quarterly results can vary significantly depending on whether the Company realizes any gain on sale of its investments, abandons any properties or grants any stock options. See “Financial Results of Operations” and “Exploration Expenditures”.

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.

The current financial crisis impacts credit and liquidity risk:

- liquidity risk increases, as other things being equal, the price of an asset will be reduced if the holder cannot sell the asset immediately.

- credit risk increases, as service providers may not always be able to perform in accordance with the terms of a contract. To help mitigate this risk with contracts that require large advances, the Company may be required to place funds in-trust, to be released on completion of the contract.

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, 2008, the Company had a cash position of $129,152 and working capital of $289,450, compared to cash of $1,084,991 and working capital of $1,100,933 at December 31, 2007.

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.

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 current financial crisis has increased market volatility and placed downward pressure on stock prices.

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 June 9, 2008, the Company completed a non-brokered private placement for the issue of 5,039,700 flow-through common shares at $0.15 per share and 1,670,000 non flow-through units at $0.15 per unit. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one common share at a price of $0.35 until June 9, 2009.

Financing Activities (continued)

On November 28, 2008, the Company completed a non-brokered private placement for the issue of 3,334,000 units at a price of $0.05 per unit. Each unit consists of one common share and one half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one common share at a price of $0.10 until November 27, 2009.

During the year ended December 31, 2008, the Company issued 800,000 common shares for proceeds of $80,000 pursuant to the exercise of stock options.

Subsequent to the period under review, the Company completed a non-brokered private placement for the issue of 2,054,000 flow-through common shares at $0.07 per share. A finder's fee of 34,320 common shares was issued in connection with the financing. All shares are subject to a hold period and may not be traded until July 24, 2009.

Outstanding Share Data

	No. of Shares	Exercise Price	Expiry Date
Issued and Outstanding	64,524,590		
Stock Options	6,515,000	$0.15 to $0.37	Aug 5/09 to May 5/13
Warrants	2,502,000	$0.10 to $0.35	Jun 9/09 to Nov 27/09
Fully diluted at April 24, 2009	73,541,590		

Investing Activities

The Company spent $2,989,597 on acquisition, exploration and development during the year ended December 31, 2008, ($1,797,866 during the year ended December 31, 2007). Expenditures included $2,425,525 spent on the Woodjam Property in BC with cost recoveries from the joint venture partner of $980,816, and $564,072 spent on the QUEST Property in BC with cost recoveries from the joint venture partner of $221,591.

The Company has relinquished its options on the Magalloy 1-14 and Magex 1-12 properties in Central British Columbia and has written off $22,200 of acquisition and exploration costs.

Related Party Transactions

The Company has engaged a business owned by Janice Davies, an officer of the Company, to provide corporate secretarial services. During the year, the Company paid fees to this related party in the aggregate of $30,000 (2007 - $30,000).

The Company incurred administrative and geological consulting fees of $5,000 (2007 - $36,000) to Victor Tanaka, a director of the Company of which $Nil (2007 - $16,714) was capitalized to mineral properties.

The Company has engaged a business owned by Patricia Tanaka, a relative of a director, to provide accounting and bookkeeping services. During the year, the Company paid fees to this related party in the aggregate of $45,000 (2007 - $48,280).

Included in receivables is $18,382 (2007 - $17,744) due from a companies with a director in common.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Subsequent Events

On March 23, 2009, the Company completed a non-brokered private placement of 2,054,000 flow-through common shares at a purchase price of $0.07. A finder's fee of 34,320 common shares was issued in connection with the financing. All the shares are subject to a hold period and may not be traded until July 24, 2009.

Changes in Accounting Policies

The accounting policies followed by the Company are set out in Note 2 of the audited consolidated financial statements for the year ended December 31, 2008 and have been consistently followed in the preparation of these consolidated financial statements except that the Company has adopted the following CICA guidelines effective January 1, 2008:

(a) Capital Disclosures

CICA issued Handbook Sections 1535 "Capital Disclosures" requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the Company's objective, policies and procedures for managing capital.

(b) Financial Instruments

CICA issued two new standards, Section 3862 "Financial Instruments Disclosures" and Section 3863 "Financial Instruments Presentation". These sections will replace the existing Section 3861 "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments on the Company's financial position and performance, nature and extent of risks arising from financial instruments, and how the Company manages these risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

(c) Assessing Going Concern

CICA Handbook Section 1400 requires disclosure to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Recent Accounting Pronouncements

(a) Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

Recent Accounting Pronouncements (continued)

(b) Business Combinations, Non controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

(c) International Financial Reporting Standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company is currently assessing the impact of the above new standards on its financial statements.

Off-balance Sheet Arrangements

The Company had no off-balance sheet arrangements in place as at December 31, 2008.

Financial Instruments and other Instruments

The Company's financial assets consist of cash and deposits for reclamation, receivables and accounts payable. 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.

Other MD&A Requirements

As of the Report Date, the Company had 64,524,590 issued common shares outstanding and the following unexercised stock options and warrants:

Stock Options

Expiry Date	Exercise Price	Number of Shares
August 5, 2009	$0.37	1,000,000
January 30, 2010	$0.18	690,000
February 23, 2011	$0.21	150,000
May 31, 2011	$0.37	150,000
December 20, 2011	$0.205	1,500,000
May 28, 2012	$0.32	500,000
May 5, 2013	$0.15	2,525,000
		6,515,000

Warrants

Expiry Date	Exercise Price	Number of Shares
June 9, 2009	$0.35	835,000
November 27, 2009	$0.10	1,667,000
		2,502,000

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of Fjordland has approved the year-end financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional information relating to Fjordland is on SEDAR at www.sedar.com.

Outlook

Fjordland will continue to seek out and review projects that exhibit potential to host large mineral deposits containing commodities with strong prospects to increase value. The Company looks forward to continuing to expand its holdings as well as success in exploring and developing its properties.

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

Thomas G. Schroeter, P.Eng., P.Geo.
President, C.E.O and Director

G. Ross McDonald, C.A.
C.F.O. and Director

Richard C. Atkinson, P.Eng.
Director

Peter Krag-Hansen
Director

Victor A. Tanaka, P.Geo.
Director

Janice Davies
Corporate Secretary

EXECUTIVE OFFICE

Fjordland Exploration Inc.
Suite 510, 510 Burrard Street
Vancouver, British Columbia V6C 3A8
Telephone: (604) 893-8365
Fax: (604) 669-8336

INTERNET

www.fjordlandex.com
Email: info@fjordlandex.com

AUDITORS

Davidson & Company LLP
Chartered Accountants
1200 - 609 Granville Street
Vancouver, British Columbia V7Y 1G6

LEGAL COUNSEL AND REGISTERED OFFICE

Armstrong Simpson
Barristers & Solicitors
2080, 777 Hornby Street
Vancouver, British Columbia V6Z 1S4

REGISTRAR AND TRANSFER AGENT

Pacific Corporate Trust Company
3rd Floor, 510 Burrard Street
Vancouver, British Columbia V6C 3B9

SHARE LISTING

TSX Venture Exchange
Symbol: FEX

CAPITALIZATION AT DECEMBER 31, 2008

Shares Authorized: Unlimited
Shares Issued and Outstanding: 62,436,270