



Interim Consolidated Financial Statements

(unaudited and prepared by Management)

March 31, 2010

Notice to Reader

These interim consolidated financial statements of Fjordland Exploration Inc. have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statement, notes to financial statements and the related quarterly Management Discussion and Analysis.

www.fjordlandex.com

FJORDLAND EXPLORATION INC.
Consolidated Balance Sheets
Canadian Funds

	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Current		
Cash	\$ 169,732	\$ 297,052
Receivables	12,099	11,279
Prepays	14,213	11,316
	196,044	319,647
Mineral Properties (Note 4)	4,977,406	4,947,961
Deposit for Reclamation	23,000	23,000
Equipment (Note 5)	3,912	4,360
	\$ 5,200,362	\$ 5,294,968
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 42,157	\$ 43,367
Shareholders' Equity		
Share Capital (Note 6)	16,752,041	16,787,986
Option Compensation (Note 6(c))	1,087,473	1,159,980
Contributed Surplus	639,673	516,210
Deficit	(13,320,982)	(13,212,575)
	5,158,205	5,251,601
	\$ 5,200,362	\$ 5,294,968

Continued Operations (Note 1)
 Commitments (Note 12)

On behalf of the Board:

"Thomas G. Schroeter"
 Thomas G. Schroeter

"G. Ross McDonald"
 G. Ross McDonald

FJORDLAND EXPLORATION INC.
Consolidated Statements of Operations, Comprehensive Income and Loss
For the Three Months Ended March 31
Canadian Funds

	2010	2009
General and administrative Expenses		
Accounting and audit	\$ 7,800	\$ 10,100
Administration fees	9,360	9,087
Amortization	448	752
Consulting fees	7,425	3,600
Filing fees	5,200	6,645
Office and printing	7,064	6,636
Rent	9,450	7,916
Shareholders' information	28,683	18,240
Stock-based compensation <i>(Note 6(c))</i>	50,956	-
Transfer agent fees	1,177	876
Wages and benefits	10,430	8,918
Loss Before Other Items	(137,993)	(72,770)
Other Items		
Interest income	38	100
Property investigation	(6,397)	-
Loss Before Income Taxes	(144,352)	(72,670)
Future income tax recovery <i>(Note 11)</i>	35,945	234,346
Income (Loss) and Comprehensive Income (Loss) for the Period	\$ (108,407)	\$ 161,676
Basic and Diluted Gain Per Share	\$ 0.00	\$ 0.00
Weighted Average Shares Outstanding	67,211,590	62,645,102

See accompanying notes to the consolidated financial statements

FJORDLAND EXPLORATION INC.
Consolidated Statements of Cash Flows
For the Periods Ended March 31
Canadian Funds

	2010	2009
Cash provided by (Used for):		
Operating Activities		
Gain (loss) for the period	\$ (108,407)	\$ 161,676
Less: non cash items		
Amortization	448	753
Stock-based compensation	50,956	-
Future income tax recovery	(35,945)	(234,346)
Net Change in non-cash working capital		
Receivables	(3,718)	157,347
Prepaid expenses	(2,897)	(276)
Accounts payable	(5,120)	2,963
	(104,683)	88,117
Financing Activities		
Shares issued for cash, net of issue costs	-	136,718
	-	136,718
Investing Activities		
Mineral property recoveries	4,446	22,201
Resource property expenditures	(27,083)	(73,933)
Reclamation deposits	-	(3,500)
	(22,637)	(55,232)
Change in Cash	(127,320)	169,603
Cash Position - Beginning of Period	297,052	129,152
Cash Position - End of Period	\$ 169,732	\$ 298,755

Supplemental Disclosure with Respect to Cash Flows (Note 7)

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

	Share Capital		Option	Contributed		Total
	No. of Shares	Amount	Compensation	Surplus	Deficit	Shareholder's
	(Note 6)		(Note 6(c))			Equity
Balance, December 31, 2008	62,436,270	16,585,168	1,191,474	73,994	(12,598,067)	5,252,569
Shares issued for cash						
Private placements, net of issue costs	2,088,320	143,718	-	-	-	143,718
Exercise of warrants	1,667,000	166,700	-	-	-	166,700
Issued for other consideration						
Mineral properties	20,000	1,400	-	-	-	1,400
Tax cost recognized on issuance of flow-through shares	-	(189,000)	-	-	-	(189,000)
Transfer to contributed surplus on expiry of options	-	-	(374,216)	374,216	-	-
Settlement of contract dispute	1,000,000	80,000	-	68,000	-	148,000
Stock-based compensation	-	-	342,722	-	-	342,722
Loss for the year	-	-	-	-	(614,508)	(614,508)
	4,775,320	202,818	(31,494)	442,216	(614,508)	(968)
Balance, December 31, 2009	67,211,590	16,787,986	1,159,980	516,210	(13,212,575)	5,251,601
Shares issued for cash						
Private placement, net of issue costs	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-
Issued for other consideration						
Mineral properties	-	-	-	-	-	-
Tax cost recognized on issuance of flow-through shares	-	(35,945)	-	-	-	(35,945)
Transfer to contributed surplus on expiry of options	-	-	(123,463)	123,463	-	-
Settlement of contract dispute	-	-	-	-	-	-
Stock-based compensation	-	-	50,956	-	-	50,956
Loss for the period	-	-	-	-	(108,407)	(108,407)
	-	(35,945)	(72,507)	123,463	(108,407)	(93,396)
Balance March 31, 2010	67,211,590	\$ 16,752,041	\$ 1,087,473	\$ 639,673	\$ (13,320,982)	\$ 5,158,205

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 March 31, 2010, the Company has an accumulated deficit of \$13,320,982, 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

(a) Basis of Presentation

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

The accompanying unaudited interim financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual financial statements and the notes thereto for the year ended December 31, 2009. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company's financial statements including the notes thereto for the year ended December 31, 2009.

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, 2009 and have been consistently followed in the preparation of these consolidated financial statements.

(b) 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)

(c) 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.

The Company follows CICA Handbook Section 3862, *Financial instruments – disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) 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 such risks.

The Company also follows CICA Handbook Section 3863, *Financial instruments – presentation*, which 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. RECENT ACCOUNTING PRONOUNCEMENTS

(a) International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board announce 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.

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Period Ended March 31, 2010
Canadian Funds

3. 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 combinations 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.

4. MINERAL PROPERTIES

At March 31, 2010, expenditures made on mineral properties by the Company are as follows:

	Woodjam South BC.	Woodjam North BC.	QUEST BC.	Tak BC.	Other BC	Total
Balance, December 31, 2009	\$1,311,805	\$2,998,089	\$598,825	\$36,947	\$2,295	\$4,947,961
Additions during year:						
Acquisition costs	-	-	-	2,290	-	2,290
Exploration costs:						
Operator fees	(103)	-	-	-	-	(103)
Property	1,395	1,889	-	400	-	3,684
Permitting	-	-	-	200	-	200
Administration	3,863	1,968	177	-	-	6,008
Geology	7,200	-	-	8,775	-	15,975
Data verification	3,863	1,888	86	-	-	5,837
	16,218	5,745	263	9,375	-	31,601
Additions during year	16,218	5,745	263	11,665	-	33,891
Joint Venture recoveries	(4,446)	-	-	-	-	(4,446)
Balance March 31, 2010	\$1,323,577	\$3,003,834	\$599,088	\$48,612	\$2,295	\$4,977,406

4. MINERAL PROPERTIES (continued)

(a) Woodjam, B.C.

The Company holds a 60% interest in certain 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 charge a 3% operator fee on exploration expenditures incurred to offset its' administrative costs. As at December 31, 2009, the Company had received advances from its joint venture partner of \$Nil (2008 - \$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 certain mineral properties in central British Columbia. Under the terms of the option agreement, the Woodjam Joint Venture partners were to make optional cash payments totaling \$200,000 (\$25,000 paid) and issue, on an optional basis, 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 the option agreement on this property and subsequently the Company wrote-off related costs of \$22,200 during fiscal 2008.

In July 2009, the Woodjam Joint Venture divided its Woodjam properties into the Woodjam North and Woodjam South properties.

Woodjam North, B.C.

On July 29, 2009, the Woodjam Joint Venture signed an Option and Joint Venture Exploration Agreement granting an option to Gold Fields Horsefly Exploration Corporation ("Gold Fields") to earn up to a 70% interest in the northern portion of the Woodjam property. Under the terms of the agreement, Gold Fields may earn an initial 51% interest by expending \$7,000,000 in exploration costs and making a cash payment of \$350,000 to the Woodjam Joint Venture over a three year period with a minimum expenditure of \$1,000,000 in the first year. Gold Fields may earn an additional 19% interest in the property by funding a further \$12,000,000 in exploration costs over a four year period.

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Period Ended March 31, 2010
Canadian Funds

4. MINERAL PROPERTIES (continued)

(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 was the operator of the QUEST Joint Venture for 2008. The operatorship is to alternate on an annual basis dependent upon the interest held at the time and will earn an operator fee of 5% or 10% based on the magnitude of individual expenditures. In 2009, Serengeti took over as operator of the Joint Venture.

During the 2009 fiscal year, the Company decided not to participate in the joint venture exploration budget and accordingly, its' interest in the QUEST property is forecast to be diluted to an estimated 40% pending final accounting.

(c) Tak, BC

The Company acquired, by staking, a 100% interest in 8 properties located in central British Columbia, called the Tak properties. Pursuant to an agreement, the Company issued 20,000 shares with a value of \$1,400 towards acquisition of one of the properties.

(d) Other, BC

The Company acquired, by staking, a 100% interest in a properties located in central British Columbia.

5. EQUIPMENT

Details are as follows:

March 31, 2010	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 6,161	\$ 5,139	\$ 1,022
Office equipment	35,654	33,398	2,256
Leasehold improvements	10,171	9,537	634
	<u>\$ 51,986</u>	<u>\$ 48,074</u>	<u>\$ 3,912</u>

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Period Ended March 31, 2010
Canadian Funds

6. SHARE CAPITAL (continued)

(b) Stock Options (continued)

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 March 31, 2010 the Company had stock options outstanding for the purchase of 8,590,000 common shares. Of this amount, options to purchase 6,422,500 common shares with a weighted average exercise price of \$0.17 were fully vested and exercisable at March 31, 2010.

	2010		2009	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	8,140,000	\$0.16	6,600,000	\$0.22
Granted	1,140,000	\$0.12	2,625,000	\$0.10
Exercised	-	-	-	-
Cancelled	(690,000)	\$0.18	(1,085,000)	\$0.35
Outstanding at end of period	8,590,000	\$0.17	8,140,000	\$0.16

The following summarizes information about stock options outstanding at March 31, 2010:

Number of Shares	Expiry Date	Exercise Price
150,000	February 23, 2011	\$0.210
150,000	May 31, 2011	\$0.370
1,500,000	December 20, 2011	\$0.205
500,000	May 28, 2012	\$0.320
2,525,000	May 5, 2013	\$0.150
2,625,000	June 22, 2014	\$0.100
1,140,000	March 31, 2015	\$0.120
8,590,000		

(c) Stock-Based Compensation

During the period March 31, 2010 the Company granted stock options to employees, directors and consultants to acquire up to 1,140,000 common shares at an exercise price of \$0.12 per share.

The fair value of options granted during the period was \$103,097. Total stock based compensation expense recognized for the options that vested during the period was \$50,956 (2009 - \$Nil). The fair value of unvested options outstanding at period was \$115,063 (2009 - \$176,404).

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Period Ended March 31, 2010
Canadian Funds

6. SHARE CAPITAL (continued)

(c) Stock-Based Compensation (continued)

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:

	2010
Expected dividend yield	0.00%
Expected stock price volatility	117%
Risk-free interest rate	1.88%
Expected life of options	5 years

The weighted average fair value of options granted during the period is \$0.12 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.

(d) Warrants

At March 31, 2010 there was an aggregate of 1,835,000 share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Outstanding at December 31, 2009	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at March 31, 2010
\$0.10	June 09, 2011*	835,000	-	-	-	835,000
\$0.16	June 23, 2011**	1,000,000	-	-	-	1,000,000
		1,835,000	-	-	-	1,835,000

* Warrants were re-priced and extended from June 9, 2009 at \$0.35 to June 9, 2011 at \$0.10. These warrants have a forced exercise provision whereby if the Company's stock price is \$0.13 for 10 consecutive trading days, the warrant holders will have 30 days to exercise the warrants; otherwise they will expire on the 31st day.

** The Company granted 1,000,000 warrants in relation to the settlement of the Olympic Rob contract dispute. The warrants were valued at \$68,000 or \$0.07 per warrant using the Black-Scholes option-pricing model with the following assumptions:

	2009
Risk-free interest rate	0.28%
Expected dividend yield	-
Expected stock price volatility	175%
Expected warrant life in years	2.00

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Period Ended March 31, 2010
Canadian Funds

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2010	2009
Significant non-cash investing and financing activities:		
Operating activities	-	-
Investing activities		
Resource expenditures included in accounts payable at period end	\$ -	\$ 1,051
Exploration partner recoveries included in receivables at period end	-	23,028
Financing activities		
Shares issued as finder's fees	\$ -	\$ 2,402
Other cash flow information		
Income taxes paid	\$ -	-
Interest paid	\$ -	-

8. 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 require approval 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.

9. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:

- (a) The Company incurred accounting fees of \$7,800 (2009 - \$10,100) charged by a business owned by a spouse of a director.
- (b) Included in receivables is \$23,228 (2009 - \$23,038) due from a company with a director in common and included in payables is \$1,406 (2009 - \$1,158) owed to a director of the company for administration expenses incurred.
- (c) The Company incurred administrative and corporate secretary fees of \$7,500 (2008 - \$7,500) 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.

10. SEGMENTED INFORMATION

The Company operates in one segment, being the exploration of mineral properties. All the Company's assets and operations are located in Canada.

11. INCOME TAXES

The Company's future income tax liability arises primarily from the renunciation of mineral exploration costs on flow-through shares issued to investors.

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances which have not been spent, and are segregated for such expenditures.

12. 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	Amount
2010	7,408
	\$ 7,408

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

On May 4, 2010, the Company entered into an agreement for the lease of new office premises for five years, commencing on August 1, 2010 and expiring on August 31, 2015. The cost of the entire premises is shared amongst several companies in proportion to the area occupied. The Company's portion of the rent has not yet been determined.

13. FINANCIAL INSTRUMENTS

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

Credit Risk

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

The Company's cash is primarily held in major Canadian financial institutions. The Company's receivables consist 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 these financial instruments is minimal.

Interest Rate Risk

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

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, 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.

Foreign Exchange Risk

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

FJORDLAND EXPLORATION INC.

Management Discussion and Analysis For the Period Ended March 31, 2010

Form 51-102F1

Description of Business

Fjordland Exploration Inc. ("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 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 following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the consolidated financial statements and the notes thereto for the three months ended March 31, 2010.

Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements in this MD&A are only made as of May 19, 2010 (the "Report Date"). 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.

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.

Thomas G. Schroeter, P.Eng. P.Geo. and L. John Peters, P.Geo. are the Company's qualified persons reviewing the exploration projects described throughout the MD&A. They are responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

Company Overview and Projects

(a) Highlights for the Period Ended March 31, 2010

On January 6, 2010, Gold Fields advised the Woodjam Joint Venture Partners that it was exercising its ROFR on the Earn-In proposal dated December 2, 2009.

On January 22, 2010, Gold Fields submitted to the Woodjam Joint Venture a draft agreement relating to the Woodjam South property. Negotiations continue towards the signing of a definitive Option and Joint Venture Exploration Agreement.

On February 10, 2010, Gold Fields resumed a Phase Two drilling program on the Woodjam North property.

In February the Company acquired, by staking, additional claims in the Cariboo Region which brings the total of properties to 8 with an aggregate of 45,000 hectares.

On March 31, 2010, the Company granted incentive stock options under the Company's stock option plan to directors, officers, employees and consultants to purchase an aggregate of 1,140,000 common shares. The options are exercisable for a period of five years at a price of \$0.12 per share.

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(b) Events Subsequent to March 31, 2010

On April 20, 2010, the Company reported results of the winter drill program on the Woodjam North property. Seven holes totaling 2,330.5 metres were completed on the Takom Zone. (See below)

On May 4, 2010, the Company signed a five year lease for new office premises. The moving date is scheduled for August 2010. In an effort to control costs, the Company is moving from a Class "A" to a Class 'B' building. In the last six years, lease rates have increased significantly and future rent expense is projected to be higher.

On May 18, 2010, the Company reported additional drilling results from the winter drill program on the Woodjam North property. Nine new holes totaling 2,723.4 metres were completed on the Deerhorn Zone. (See below).

(c) Woodjam North, 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.

During the latter part of 2008 and early part of 2009, the Company continued to seek a third party to join the Woodjam Joint Venture in return for certain funding requirements. Several Confidentiality Agreements were signed with major mining companies.

On June 3, 2009, the Woodjam Joint Venture announced that it had signed a Letter Agreement granting an option to a member of the Gold Fields group of companies, to earn up to a 70% interest in the northern portion of the Woodjam property, referred to as "Woodjam North". The Woodjam North property includes the Megabuck, Takom and Deerhorn zones and a large tract of claims to the north, east and west of those targets (in total an area of 40,750 hectares). The option excludes the Southeast copper-gold-molybdenum zone discovered in 2008, as well as contiguous claims to the south and southwest (in total an area of 13,807 hectares).

Gold Fields may earn an initial 51% interest in Woodjam North by expending \$7 million in exploration, and making \$350,000 in cash payments to the Woodjam Joint Venture, over a three year period with a minimum expenditure of \$1 million in the first year. Gold Fields may extend the option to earn a further 19% interest in the Woodjam North property by funding a further \$12 million in exploration over a 4-year period.

In July 2009, the Woodjam Joint Venture divided its Woodjam property into two components – Woodjam North and Woodjam South.

On July 29, 2009 the Woodjam Joint Venture reported that it had signed a definitive Option and Joint Venture Exploration Agreement with Gold Fields Horsefly Exploration Corp., a British Columbia incorporated affiliate of the Gold Fields group of companies. The Company received an initial option payment of \$48,000 cash as outlined in the Agreement.

On February 10, 2010, Gold Fields resumed Phase Two drilling at Woodjam North. In early March, Gold Fields informed the Woodjam Joint Venture partners that it has increased its planned winter drilling program to 7,000 metres; the resultant expenditures for the 12-month exploration program which began in July, 2009 are forecast to be approximately \$3 million.

In mid-April, 2010, the first assay results of the 2010 drilling program from the Takom Zone (seven holes totaling 2,330.5 metres) were released and are reported below:

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Takom Zone: Summary of Significant Intercepts

Hole ID*	From (m)*	To (m)*	Int. (m)*	Cu%	Au g/t	Au Eq. g/t*
TK10-12	67.00	215.00	148.00	0.26	0.40	0.92
including	108.10	170.00	61.90	0.41	0.82	1.63
TK10-13	174.00	248.00	74.00	0.15	0.16	0.46
including	174.00	200.00	26.00	0.20	0.30	0.70
TK10-14	103.00	147.00	44.0	0.11	0.05	0.27
TK10-15	10.51	60.00	49.49	0.11	0.04	0.26
TK10-16	114.30	147.6	33.30	0.13	0.07	0.33
TK10-17	29.00	79.00	50.00	0.17	0.05	0.39
	168.00	202.00	34.00	0.14	0.07	0.35
	237.00	294.00	57.00	0.10	0.03	0.23
TK10-18	159.00	183.00	24.00	0.18	0.03	0.39

*(intervals are core lengths; Au Equivalent in g/t calculated using US\$950/oz gold, US\$2.50/lb copper and the formula: $(\%Cu \times 22 \times Price\ Cu/lb) + (g/t\ Au \times 0.029166 \times Price\ Au/oz) / (Price\ Gold/oz \times 0.029166)$). Metallurgical recoveries and net smelter returns are not considered.

Drill holes TK10-12 thru 16 were drilled along a northeasterly trending zone of copper-gold mineralization. Drill hole TK10-12 intersected 148 metres grading 0.40 g/t Au and 0.26% Cu (including 61.9 metres grading 0.82 g/t Au and 0.41% Cu). Drill hole TK10-17 discovered a new area of mineralization associated with a quartz monzonite intrusion, similar to the Takomkane intrusive suite which hosts the Southeast Zone on the adjoining Woodjam South Property. Drill hole TK10-18, a 450-metre step-out hole to the south of any previous drilling, also discovered a new area of mineralization associated with epidote-tourmaline altered and hydrothermally brecciated volcanic rocks.

After drilling at the Takom Zone, the drill then moved to the Deerhorn Zone where nine holes totaling 2,723.4 metres were completed with assay results reported as follows:

Deerhorn Zone

In 2008, the WJV discovered significant gold-copper mineralization in the drilling of the first two holes completed in the geophysical anomaly. Follow-up drilling consisting of 3 holes totaling 993.6 m in 2009 by Gold Fields provided additional encouragement, including an assay interval of 89.5 m grading 1.16g/t Au and 0.26% Cu in drill hole DH09-03. Assay results for the 9 new holes completed in 2010 are reported in the table below:

Hole ID*	From (m)*	To (m)*	Int. (m)*	Cu %	Au g/t	Au Eq. g/t*
DH10-04	173.0	341.0	168.0	0.10	0.14	0.34
including	196.0	234.0	38.0	0.21	0.28	0.70
DH10-05	149.5	194.5	45.0	0.18	0.24	0.60
including	181.0	194.5	13.5	0.22	0.41	0.85
DH10-06	57.7	132.0	74.3	0.18	0.24	0.60
including	57.7	88.0	30.3	0.22	0.42	0.86
DH10-08	42.0	215.0	173.0	0.11	0.20	0.42
including	70.0	122.0	52.0	0.21	0.32	0.74
DH10-09	68.6	159.4	90.8	0.39	0.58	1.35
including	68.6	99.0	30.4	0.72	1.10	2.53

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DH10-10	57.9	122.0	64.1	0.28	0.19	0.75
including	94.0	118.0	24.0	0.34	0.24	0.91
DH10-11	214.4	230.0	15.6	0.24	0.16	0.64

* Intervals are core lengths; Au Equivalent in g/t calculated using US\$950/oz gold, US\$2.50/lb copper and the formula: $((\%Cu \times 22 \times Price\ Cu/lb) + (g/t\ Au \times 0.029166 \times Price\ Au/oz)) / (Price\ Gold/oz \times 0.029166)$. Metallurgical recoveries and net smelter returns are not considered.

The highlight drill intersection (DH10-09) was a 90.8 m section grading 0.58g/t Au and 0.39% Cu, including a higher-grade intercept of 30.4 m grading 1.10g/t Au and 0.72% Cu. Hole DH10-05 was lost at 194.5 m, while still in mineralization. Holes DH10-07 and DH10-12 did not intersect significant mineralization. A drill location map may be viewed at www.fjordlandex.com/news/nr10-08b.pdf

The drill then moved eastwards to test the Spellbound Area with approximately five holes. Following that work, the drill will move back to further test the Takom and Deerhorn Zones, as well as other untested targets identified from the 2009 surveys.

d) Woodjam South, British Columbia

On December 2, 2009, the Woodjam Joint Venture received an Earn-in Proposal for the Woodjam South property from a major international mining corporation. On December 3, 2009, the Proposal was forwarded to Gold Fields for its decision, relating to its right of first refusal under the terms of the agreement on the Woodjam North property.

On January 6, 2010, Gold Fields formally advised the Woodjam Joint Venture Partners that it had accepted the non-binding proposal as presented by the Third Party dated December 2, 2009.

On January 22, 2010, Gold Fields submitted to the Woodjam Joint Venture a draft agreement relating to the Woodjam South property. Negotiations continue towards the signing of a definitive Option and Joint Venture Exploration Agreement.

(e) Tak Properties, British Columbia

Between September 2009 and March 2010, the Company acquired by staking, a 100% interest in eight properties, totaling over 45,000 hectares, located in the Cariboo region of central British Columbia, believed by the Company geologists to be prospective for the discovery of copper-gold, porphyry-type deposits. The Company is exploring its options for follow-up work on these properties, including discussions with interested Third Parties regarding possible option/joint venture agreements.

(i) Moffat

In September 2009, the Company acquired, by staking, a 100% interest in eleven new claims totaling 4,548 hectares (Moffat Property), about 30 kilometres south of Horsefly in central British Columbia. The property adjoins part of the Woodjam Joint Venture's Woodjam South property to the south, and lies approximately 6 kilometres south of the Southeast Zone discovered in 2008.

The Moffat property includes the Harrison Creek occurrence, which was discovered by the BC Geological Survey Branch (GSB) during its 2008 mapping program. The occurrence comprises pyrite, chalcopyrite, magnetite and malachite within and along quartz-epidote-potash feldspar veins that cut monzodiorite. A grab sample of this mineralized vein material, taken by the GSB, returned 1,671 parts per million copper, 1,432 parts per million silver and 105 parts per billion gold. During a property visit in early September 2009, Company geologists noted areas of extensive recent logging activities that had exposed numerous new outcrops of a similar geological nature as described above.

(ii) Tisdall

In 2009 and early 2010, the Company acquired a 100% interest in seventeen new claims totaling 6,673 hectares, about 30 kilometres east of Horsefly in central British Columbia. The property lies within a few kilometres of the most southeastern boundary of the Woodjam North Property. The claims are underlain by airborne magnetic anomalies outlined by previous government surveys; and the target is porphyry-related gold-copper-molybdenum deposits.

(iii) Hazel

In 2009, the Company acquired, by staking, a 100% interest in fourteen new claims totaling 3,332 hectares about 25 kilometres northwest of Horsefly in central British Columbia. The property includes two claims within the boundary of Imperial Metals' Mount Polley gold-copper mine property package and one claim adjoining it on the west side; the target is porphyry-related gold-copper-molybdenum deposits.

(iv) Coffee

In 2009, the Company acquired, by staking, a 100% interest in twenty-one new claims totaling 9,224 hectares about 40 kilometres southeast of Horsefly in central British Columbia. The claims are underlain by airborne magnetic anomalies outlined by previous government surveys; the target is porphyry-related gold-copper-molybdenum deposits.

(v) Boss

Between December 2009 and January 2010, the Company acquired, by staking, a 100% interest in twelve claims totaling 3,895 hectares, about 10 kilometres southeast of the past-producing Boss Mountain molybdenum mine. The claims are shown on government maps as being underlain by the Takomkane batholith; a large airborne magnetic anomaly covers the property; the target is porphyry-related gold-copper-molybdenum deposits.

(vi) LaHache

In December, 2009, the Company acquired, by staking, a 100% interest in twenty one claims totaling 10,060 hectares, about 20 kilometres south of the Woodjam South Property. Several airborne magnetic anomalies occur over the property, and the Timothy Creek polymetallic prospect is part of the property; the target is porphyry-related gold-copper-molybdenum deposits.

(vii) Canim

In December, 2009, the Company acquired, by staking, a 100% interest in seven claims totaling 3,387 hectares, about 30 kilometres southeast of the Woodjam South Property. The claims are shown on government maps as being underlain by the Takomkane batholith; a large airborne magnetic anomaly covers the property; the target is porphyry-related gold-copper-molybdenum deposits.

(viii) Howard Lake

In February 2010, the Company acquired, by staking, a 100% interest in eight claims totaling 3,982 hectares, on the south side of Canim Lake, northeast of the town of 100 Mile House. The claims are shown on government maps as being underlain by volcanic and intrusive rocks, and airborne magnetic anomalies cover the property; the target is porphyry-related gold-copper-molybdenum deposits.

(f) 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 to pool eleven properties located in central British Columbia into the QUEST Joint Venture ("QJV") project. The QJV then subsequently acquired approximately 60,000 hectares of new claims between Williams Lake to the south and Mt. Milligan to the north. During the period 2007 and 2008, the QJV conducted airborne magnetic surveys on sixteen of them and reconnaissance induced polarization surveys over eleven.

On January 1, 2009, according to the terms of the JV Agreement, Serengeti became the Operator of the QJV for 2009. The 2009 summer program was tabled by Serengeti on May 4, 2009. The Company elected not to participate in this program but maintained the right to participate in future programs. Consequently, the Company's interest in the QJV is forecast to be diluted to an estimated 40% pending final accounting. In July, 2009, the QJV holdings were reduced to eleven individual properties, seven of which cover significant IP geophysical anomalies that warrant follow-up work, including drilling.

In mid-October 2009, the QJV completed a three hole (790m) drilling program on the Mil gold-copper property, comprising 13,900 hectares and located 25 kilometres southwest of the Mt. Milligan copper-gold deposit. A large residual aeromagnetic anomaly measuring ten by five kilometres in diameter had been outlined by previous government surveys. Within this area, the QJV outlined attractive induced polarization (IP) chargeability and resistivity anomalies over an area measuring one and a half by one kilometre, coincident with a previously identified glacial till gold anomaly (up to 2,300 parts per billion). The IP anomaly flanks a prominent magnetic high. The first two holes drilled into this anomaly did not encounter significant amounts of copper or gold mineralization. The third hole in the program, located three kilometres to the northwest of the area described above and identified in the course of the 2009 exploration program, encountered increased copper values over the bottom 50 metres, with the best interval assaying 0.11% Cu over the last eight metres.

The QUEST JV is currently formulating its plans for 2010.

(g) Mt. Milligan Area, British Columbia

During 2009, the Company acquired two separate claim groups, located 5 kilometres west and 10 kilometres northwest of the Mt. Milligan gold-copper deposits, which are being readied for production by Terrane Metals Corporation. The Company plans to farm out these properties.

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Mineral Property Expenditures Table

	Woodjam South BC.	Woodjam North BC.	QUEST BC.	Tak BC.	Other BC	Total
Balance, December 31, 2009	\$1,311,805	\$2,998,089	\$598,825	\$36,947	\$2,295	\$4,947,961
Additions during year:						
Acquisition costs	-	-	-	2,290	-	2,290
Exploration costs:						
Operator fees	(103)	-	-	-	-	(103)
Property	1,395	1,889	-	400	-	3,684
Permitting	-	-	-	200	-	200
Administration	3,863	1,968	177	-	-	6,008
Geology	7,200	-	-	8,775	-	15,975
Data verification	3,863	1,888	86	-	-	5,837
	16,218	5,745	263	9,375	-	31,601
Additions during year	16,218	5,745	263	11,665	-	33,891
Joint Venture recoveries	(4,446)	-	-	-	-	(4,446)
Balance March 31, 2010	\$1,323,577	\$3,003,834	\$599,088	\$48,612	\$2,295	\$4,977,406

Results of Operations

Current quarter

The Company's cash position decreased from \$297,052 to \$169,732. The largest use of cash was for general and administrative expenses.

Results of operations for the year period ended March 31, 2010 are discussed in comparison with the period ended March 31, 2009. General and administrative expenses of \$137,993 (2009 - \$72,770) represents an \$65,223 increase compared to the comparative period. Notable changes include:

Total stock-based compensation on options granted, and vested during the period ended March 31, 2010, resulted in \$50,956 (2009 - \$Nil) being expensed. This difference was a result of options granted in the first quarter of 2010, options were granted in second quarter in 2009. Stock-based compensation is a non-cash transaction.

Accounting and audit expenditures were \$7,800 (2009 - \$10,100).

Investor relations and promotion expense was \$28,683 (2009 - \$18,240). A breakdown is provided below:

	March 31, 2010	March 31, 2009
Administration	\$ 4,691	\$ 2,104
Conferences	9,860	4,265
Consulting	9,000	9,000
Promotion	2,370	1,366
Media	2,394	1,505
Travel	368	-
	<u>\$ 28,683</u>	<u>\$ 18,240</u>

Consulting fees of \$7,425 (2009 - \$3,600) represents a increase of \$3,825 from 2009. These consulting fees are allocated as to time spent on administration.

Administration fees of \$9,360 (2009 - \$9,087) represents a increase of \$273 from 2009.

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Wages and benefits of \$10,430 (2009 - \$8,918) are allocated as to time spent on exploration. Future income tax recovery of \$35,945 (2009 - \$234,346) was recorded due to the renouncement of exploration expenditures to investors who purchased flow-through shares. The Company renounced \$143,780 in flow-through financings compared to \$755,955 in 2009. This is a non-cash transaction.

The Company's net loss for the period was \$108,407 which is not reflective of the operating deficit, due to the future income tax recovery noted above.

Exploration expenditures during the period ended March 31, 2010 were \$33,891 (2009 - \$73,933), which consisted of \$2,290 (2009 - \$9,609) in acquisition costs and \$31,601 (2009 - \$64,324) in exploration costs.

During the period, the Company had cost recoveries of \$4,446 (2009 - \$22,201).

Summary of Quarterly Results

Financial Data for Last Eight Quarters								
Three months ended	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar 10
Mineral Exploration net of recoveries	864,403	912,574	669,748	73,933	58,301	61,972	57,903	33,891
General and administration	(300,762)	(82,784)	(234,905)	(72,770)	(215,777)	(55,808)	(299,265)	(137,993)
Stock-based compensation	200,683	00	128,131	00	144,108	00	198,614	50,956
Net income (loss)	(299,684)	(79,974)	(226,458)	161,676	(408,611)	(60,679)	(306,894)	(108,407)
Income (loss) per share - basic	(0.01)	(0.01)	(0.01)	0.00	(0.01)	(0.00)	(0.01)	(0.00)
Weighted average common shares outstanding - basic	52,994,217	58,404,444	55,767,133	62,645,102	62,956,213	65,524,807	64,811,489	67,211,590

The summary of quarterly results are from the Company's financial statement which are prepared in accordance with Canadian generally accepted accounting principles and denoted in the currency of Canada.

General and administration expenses for the period increased largely due to the stock-based compensation expense. Stock options were granted in this quarter compared to previous year when options were granted later. Stock-based compensation is a method used by junior exploration companies to compensate staff and directors. The Company has moving to graded vesting whereby a greater portion of expense is recorded in the first and second vesting periods compared to distributing the expense equally over all vesting periods

The Company is in the exploration stage and does not have operating cash flow. Earnings per share are anomalous and reflect adjustments to future income tax. The Company renounced exploration expenditures under its flow-through share program, resulting in future income tax recovery of \$35,945 (2009 - \$189,000).

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;

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- 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 March 31, 2010, the Company had a cash position of \$169,732 and working capital of \$153,887 compared to a cash position of \$297,052 and working capital of \$276,280 at December 31, 2009.

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

None

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financial arrangements.

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 period, the Company paid fees to this related party in the aggregate of \$7,500 (2009 - \$7,500).

The Company has engaged a business owned by Patricia Tanaka, a relative of a director, to provide accounting and bookkeeping services. During the period, the Company paid fees to this related party in the aggregate of \$7,800 (2009 - \$10,100).

Included in receivables is \$23,228 (2009 - \$23,038) due from a company with a director in common and included in accounts payable is \$1,406 (2009 - \$1,158) owed to a director for administration expenses.

Proposed Transactions

None

New Accounting Pronouncements

A summary of new Canadian GAAP pronouncements which may affect the financial disclosure and results of operations of the Company for future interim and annual periods follows:

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.

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board 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. The Company has adopted a three phase approach to IFRS consisting of:

- Phase 1 'Preliminary Planning and Scoping';
- Phase 2 'Detailed Impact and Assessment': and
- Phase 3 'Implementation'.

The Company has completed Phase 1. Work on Phase 2 will carry on throughout 2010.

The Canadian Accounting Standards Board ("AcSB") has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured along with the required disclosure, once all the IFRS accounting standards at the conversion date are known.

Generally, disclosure requirements under IFRS contain more breadth and depth than those required under Canadian GAAP and will result in more extensive financial statement notes.

Set out below are the most significant areas, management has identified to date, where changes in accounting policies may have the potential impact on the Company's consolidated financial statements.

- Stock-based compensation:

IFRS and Canadian GAAP largely converge on the accounting treatment for share based transaction with only a few differences. Starting in 2010, the Company is moving from 'straight line' to 'graded' vesting for the recognition of stock-based compensation expense.

- Mineral properties:

Under IFRS a mining entity has to determine an accounting policy specifying which expenditures on exploration and evaluation activities will be recorded as assets and then apply that policy

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consistently. It is anticipated that the Company will elect, under the provisions in IFRS, to continue the accounting practice of capitalizing all costs related to investments in mineral property interests on a property-by-property basis.

- Flow through shares:

IFRS does not address the accounting treatment for flow-through shares, as it is specific to Canada. Currently, there is no definitive guidance, but it is anticipated that flow-through shares will be treated as compound financial instruments, and accordingly, will give rise to retrospective adjustments as of January 1, 2010.

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.

Certification of Interim Filing

The Company adopted BC Securities Commission 52-511 "Relief for Venture Issuers from Certification Requirements." The relief helps small size companies like ours, where there is a lack of segregation of duties which is an ongoing internal control weakness. The Company mitigates this risk through direct involvement of senior management in day to day operations.

Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com.

As of the Report Date, the Company had 67,211,590 issued common shares outstanding and the following unexercised stock options and warrants:

Stock Options

Expiry Date	Exercise Price	Number of Shares
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
June 22, 2014	\$0.10	2,625,000
March 31, 2015	\$0.12	1,140,000
		8,590,000

Warrants

Expiry Date	Exercise Price	Number of Shares
June 9, 2011*	\$0.10	835,000
June 23, 2011	\$0.16	1,000,000
		1,835,000

*Warrants were re-priced and extended for an additional two years from June 9, 2009 at \$0.35 to June 9, 2011 at \$0.10.

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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
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AUDITORS

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Chartered Accountants
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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

Computershare Trust Company of Canada
3rd Floor, 510 Burrard Street
Vancouver, British Columbia V6C 3B9

SHARE LISTING

TSX Venture Exchange
Symbol: FEX

CAPITALIZATION AT MARCH 31, 2010

Shares Authorized: Unlimited
Shares Issued and Outstanding 67,211,590