



ANNUAL REPORT 2007

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To Shareholders:

During 2007, Fjordland continued with exploration at the Woodjam gold-copper-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%. The highlight of the year was the discovery of potentially significant copper-molybdenum mineralization in the Southeast Zone. All three holes drilled into the zone encountered mineralization from the bedrock surface to the bottom of the holes. Another highlight was the significant expansion of the property, including the purchase of the Big-Moose Horn and option of the Magalloy properties adjoining to the west/southwest of the Takom Zone, to over 44,400 hectares subsequent to fiscal 2007. The Company and its Joint Venture partner now hold among 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).

At Woodjam, induced polarization, magnetic surveys and diamond drilling are currently underway. The objective of these surveys is to provide detailed definition of the known zones, and to identify new zones for follow-up exploration. The first phase of drilling will further test the Southeast Zone discovery. A second phase of drilling is planned to test other geophysical targets on the property. Similar to other porphyry deposits in the Quesnel Terrane such as Northgate's Kemess and Taseko Mines' Gibraltar deposits, Woodjam is prospective for hosting large, bulk-tonnage copper-gold-molybdenum deposits.

By a Letter of Intent, the Company agreed to enter into a 50%-50% Joint Venture with Serengeti Resources to explore sixteen copper-gold properties totalling in excess of 97,000 hectares in the under explored Quesnel Terrane in central British Columbia (QUEST Project). During November-December 2007, airborne magnetic geophysical surveys totalling 6,624 line kilometers were completed over all these properties. Follow-up ground induced polarization geophysical surveys on eleven of these are in progress. In addition, four more properties were acquired in early 2008 as a result of Geoscience BC data releases; airborne magnetic surveys, totalling approximately 600 line kilometers, were completed on these during February-March. The QUEST Joint Venture Agreement was signed on February 21, 2008, and now includes a total of 20 properties totalling in excess of 115,000 hectares.

During 2007, Fjordland completed three drill holes on the Olympic-Rob IOCG (Iron Oxide Copper-Gold) Uranium project located in the Wernecke Mountains area, Yukon. Two holes on the Rob target resulted in intersections of sub economic copper and uranium mineralization; one hole on the Olympic target was 'lost' before reaching the target depth, which eventually led to the pre-mature end of the drilling program, due to the contractor's inability to complete the job. Commander Resources Ltd., the optionor of the property, was informed of the termination of the agreement on December 11, 2007.

With drilling planned on the highly prospective Woodjam project and follow-up ground geophysical surveys on the QUEST project, amid a continuing, strong commodities market, the second half of 2008 should be an exciting period for Fjordland.

On behalf of the Board of Directors,

"Thomas G. Schroeter"

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

April 18, 2008



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Fjordland Exploration Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded. All transactions are authorized and duly recorded, and financial records are properly maintained to facilitate financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the consolidated financial statements with management and the external auditors. Davidson & Company LLP, an independent firm of chartered accountants, appointed as external auditors by the shareholders, have audited the consolidated financial statements and their report is included herein.

"Thomas G. Schroeter"

Thomas G. Schroeter
President and Chief Executive Officer

Vancouver, British Columbia
April 18, 2008

AUDITORS' REPORT

To the Shareholders of
Fjordland Exploration Inc.

We have audited the consolidated balance sheets of Fjordland Exploration Inc. as at December 31, 2007 and 2006 and the consolidated statements of operations, comprehensive loss and deficit, shareholders' equity and cash flows 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, 2007 and 2006 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 18, 2008



FJORDLAND EXPLORATION INC.
Consolidated Balance Sheets
December 31
Canadian Funds

	2007	2006
Assets		
Current		
Cash	\$ 1,084,991	\$ 1,434,385
Receivables	113,611	14,073
Prepays	19,751	10,844
	1,218,353	1,459,302
Exploration Advances	58,385	-
Mineral Properties (Note 5)	3,184,907	2,523,957
Deposit for Reclamation	24,171	24,171
Equipment (Note 6)	10,894	9,909
	\$ 4,496,710	\$ 4,017,339
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 73,733	\$ 52,083
Advance from exploration partner (Note 5 (a))	43,687	87,468
Due to related party (Note 9)	-	46,600
	117,420	186,151
Shareholders' Equity		
Share Capital (Note 7)	15,470,011	14,369,218
Option Compensation (Note 7(d))	930,785	671,270
Contributed Surplus	45,430	45,430
Deficit	(12,066,936)	(11,254,730)
	4,379,290	3,831,188
	\$ 4,496,710	\$ 4,017,339

Continued Operations (Note 1)
 Commitments (Note 12)
 Subsequent Events (Note 14)

On behalf of the Board:

"Thomas G. Schroeter"
 Thomas G. Schroeter

"G. Ross McDonald"
 G. Ross McDonald

See accompanying notes to the consolidated financial statements

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

	2007	2006
General and administrative expenses		
Accounting and audit	\$ 81,553	\$ 65,914
Administration fees	45,832	24,851
Amortization	3,129	3,261
Consulting fees	27,286	82,760
Filing fees	12,999	12,108
Interest	23,302	1,140
Legal fees	3,574	3,653
Office and printing	26,027	33,343
Rent	30,183	26,219
Shareholders' information	92,311	50,373
Stock-based compensation <i>(Note 7 (d))</i>	260,133	165,305
Transfer agent fees	8,319	5,587
Wages and benefits	16,301	15,114
Loss Before Other Items	(630,949)	(489,628)
Other Items		
Interest income	32,197	19,587
Property investigation	(15,451)	-
Mineral properties written-off <i>(Note 5)</i>	(792,561)	(347,041)
Loss Before Income Taxes	(1,406,764)	(817,082)
Recovery of future income taxes <i>(Note 11)</i>	594,558	185,442
Loss and Comprehensive Loss for the Year	(812,206)	(631,640)
Deficit, Beginning of Year	(11,254,730)	(10,623,090)
Deficit, End of Year	\$ (12,066,936)	\$ (11,254,730)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.02)
Weighted Average Shares Outstanding	47,573,262	39,753,801

See accompanying notes to the consolidated financial statements

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

	2007	2006
Cash provided by (Used for):		
Operating Activities		
Loss for the year	\$ (812,206)	\$ (631,640)
Less: non cash items		
Amortization	3,129	3,261
Stock-based compensation	260,133	165,305
Mineral properties written-off	792,561	347,041
Recovery of future income taxes	(594,558)	(185,442)
	(350,941)	(301,475)
Net Change in non-cash working capital		
Receivables	(99,538)	5,507
Prepaid expenses	(8,907)	(488)
Accounts payable	27,367	1,452
Due to related parties	(46,600)	45,994
	(478,619)	(249,010)
Financing Activities		
Shares issued for cash, net of issue costs	1,694,733	2,586,952
	1,694,733	2,586,952
Investing Activities		
Exploration advances	(58,385)	-
Exploration partner advances	(43,781)	87,468
Mineral property recoveries	351,883	463,047
Resource property expenditures	(1,811,111)	(1,619,702)
Reclamation deposits	-	(17,171)
Purchase of equipment	(4,114)	-
	(1,565,508)	(1,086,358)
Net Increase (Decrease) in Cash	(349,394)	1,251,584
Cash Position - Beginning of Year	1,434,385	182,801
Cash Position - End of Year	\$ 1,084,991	\$ 1,434,385

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 Subscription	Option Compensation	Contributed Surplus	Deficit	Total Shareholder's Equity
	No. of Shares	Amount					
	<i>(Note 7)</i>			<i>(Note 7(d))</i>			
Balance December 31, 2005	34,725,220	\$ 11,832,234	\$ 56,000	\$ 508,439	\$ 45,430	\$ (10,623,090)	\$ 1,819,013
Shares issued for cash							
Private placements, net of issue costs	6,864,300	1,578,202	(56,000)				1,522,202
Exercise of options	50,000	5,000					5,000
Exercise of warrants	3,532,500	1,059,750					1,059,750
Issued for other consideration							
Resource property	350,000	77,000					77,000
Tax cost recognized on issuance of flow-through shares		(185,442)					(185,442)
Transfer to share capital on exercise of options		2,474		(2,474)			-
Stock-based compensation				165,305			165,305
Loss for the year					-	(631,640)	(631,640)
	10,796,800	2,536,984	(56,000)	162,831	-	(631,640)	2,012,175
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

See accompanying notes to the consolidated financial statements

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
Canadian Funds

1. CONTINUED OPERATIONS

Fjordland Exploration Inc. (the "Company") is engaged in the exploration and development of mineral properties.

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, 2007, the Company has an accumulated deficit of \$12,066,936 (2006 - \$11,254,730), 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.

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 and development 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.

(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

- (i) The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.
- (ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Flow-Through Shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares whereby the flow-through shareholder may claim the tax deductions arising from the related qualifying resource expenditures incurred by the Company. On the date that the resource expenditures are renounced to the shareholder, the Company recognizes, as a cost of issuing the flow-through shares, a change in its future tax assets resulting from the difference between the book value and the tax value of the related resource expenditures.

If the date of renunciation is prior to the date of the related expenditures being incurred, the Company will recognize the timing difference if it has reasonable assurance that all qualifying expenditures will be made in accordance with the flow-through subscription agreement.

(j) 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.

(k) 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 in 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.

(l) 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.

3. CHANGE IN ACCOUNTING POLICIES

(a) Financial instruments

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables and deposits for reclamation are classified as held to maturity. Accounts payable and accrued liabilities as well as exploration partner advances and due to related party are classified as other financial liabilities, all of which are measured at amortized cost.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

There was no adjustment to opening balances as a result of the application of Section 3855.

(b) Accounting Changes

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 1506. The main features of this new standard are (a) voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information; (b) changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the section); (c) prior period errors are corrected retrospectively; and (d) new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors. This new standard was effective for fiscal years beginning on or after January 1, 2007.

4. RECENT ACCOUNTING PRONOUNCEMENTS

(a) Capital Disclosures

In February 2007, the 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. The new section is effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its financial statements.

(b) Financial Instruments

In February 2007, the 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 of 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. The new sections are effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of these new sections on its financial statements.

(c) Assessing Going Concern

The AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

(d) 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.

(e) 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.

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
Canadian Funds

5. MINERAL PROPERTIES

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

	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

	Woodjam B.C.	Olympic-Rob Yukon	Blackrock Nevada	Star/ Wheeler California	Other	Total
Balance, December 31, 2005	\$1,381,659	\$ -	\$74,687	\$155,995	\$9,274	\$1,621,615
Additions during year:						
Acquisition costs	90,705	142,625	-	-	-	233,330
Exploration costs:						
Operator fees	(12,074)	-	-	-	-	(12,074)
Property	4,415	2,415	-	-	-	6,830
Geology	82,360	16,142	169	3,738	-	102,409
Drilling	1,266,501	-	-	92,095	-	1,358,596
Environmental	-	-	-	440	-	440
Permitting	182	-	1,809	8,834	-	10,825
	1,341,384	18,557	1,978	105,107	-	1,467,026
Additions during year	1,432,089	161,182	1,978	105,107	-	1,700,356
Joint Venture recoveries	(450,973)	-	-	-	-	(450,973)
Write-offs	-	-	(76,665)	(261,102)	(9,274)	(347,041)
Balance, December 31, 2006	\$2,362,775	\$161,182	\$ -	\$ -	\$ -	\$2,523,957

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, 2007, the Company had received advances from its joint venture partner of \$43,687 (2006 - \$87,468).

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

(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.

Subsequent to the year ended December 31, 2007, the Company signed a definitive 50%-50% joint venture agreement with Serengeti. The Company is 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.

(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 directors in common. 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.

(d) Nevada, California

Nevada Prospectors Inc. (NPI), a wholly owned subsidiary of the Company, had option agreements relating to the following projects:

(i) Blackrock Property, Nevada

By an agreement dated March 31, 2004, NPI held an option to acquire a 100% interest in certain mineral claims located in Lyon County, Nevada. The Company, at its option, was to issue 100,000 shares (issued) and make payments of \$100,000 (\$5,000 paid).

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
Canadian Funds

5. MINERAL PROPERTIES (Continued)

(d) Nevada, California (Continued)

(i) Blackrock Property, Nevada (Continued)

On November 27, 2006, the Company relinquished its option on the property and has written-off \$76,665 of acquisition and exploration costs, net of recoveries.

(ii) Wheeler Peak and Star City Properties, California

By an agreement dated September 26, 2003, NPI held an option to acquire a 100% interest in certain mineral claims located in Mono County, California. The Company was to make payments of \$100,000 (\$10,000 paid).

On November 27, 2006, the Company relinquished its option on the property and has written-off \$261,102 of acquisition and exploration costs, net of recoveries.

6. EQUIPMENT

Details are as follows:

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

December 31, 2006	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 5,047	\$ 4,270	\$ 777
Office equipment	32,654	29,454	3,200
Leasehold improvements	10,171	4,239	5,932
	\$ 47,872	\$ 37,963	\$ 9,909

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Private Placements

- (i) On August 22, 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 consists of one flow-through common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles 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 consists of one common share and one-half non-transferable common share purchase warrant.

7. SHARE CAPITAL (continued)

(b) Private Placements (continued)

Each whole warrant entitles 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.

- (ii) On August 30, 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 consists of one flow-through common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles 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 consists of one common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles 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.
- (iii) On January 5, 2006, the Company completed the first tranche of a non-brokered flow-through private placement for the issue of 715,000 flow-through units at \$0.20 per unit for gross proceeds of \$143,000. Each flow-through unit consisted of one flow-through common share and one non-transferable common share purchase warrant. Each warrant entitled the holder to acquire one additional common share exercisable at a price of \$0.30 per share until July 5, 2006. The Company issued 34,800 shares in finders' fees valued at \$5,220 in connection with the private placement.
- (iv) On February 7, 2006, the Company completed the final tranche of a non-brokered flow-through private placement for the issue of 840,000 flow-through units at a price of \$0.20 per unit and 840,000 non flow-through units at a price of \$0.15 per unit for gross proceeds of \$294,000. Each flow-through unit consisted of one flow-through common share and one non-transferable common share purchase warrant entitling the holder to purchase one additional non flow-through common share at a price of \$0.30 per share until August 7, 2006. Each non flow-through unit consisted of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.25 until February 7, 2007. The Company issued 64,400 shares as finders' fees valued at \$9,660 and incurred additional share issue costs in the amount of \$2,220 in connection with the private placement.
- (v) On May 31, 2006, the Company completed the first tranche of a non-brokered private placement for the issue of 1,050,000 units at \$0.40 per unit for gross proceeds of \$420,000. Each unit consisted of one common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share exercisable at a price of \$0.50 per share until May 31, 2007. The Company incurred share issue costs in the amount of \$3,211 in connection with the private placement.
- (vi) On July 4, 2006, the Company completed the final tranche of a non-brokered private placement for the issue of 45,000 units at a price of \$0.40 per unit for gross proceeds of \$18,000. Each unit consisted of one common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share exercisable at a price of \$0.50 per share until July 5, 2007. The Company issued 3,600 shares in finders' fees valued at \$1,440 and incurred additional share issue costs in the amount of \$204 in connection with the private placement.

FJORDLAND EXPLORATION INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2007 and 2006
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7. SHARE CAPITAL (Continued)

(b) Private Placements (Continued)

- (vii) On December 27, 2006, the Company completed a non-brokered private placement for the issue of 1,530,000 flow-through units at a price of \$0.25 per unit and 1,652,000 non flow-through units at a price of \$0.20 per unit for gross proceeds of \$713,000. Each flow-through unit consisted of one common share and one-half non-transferable common share purchase warrant entitling the holder to purchase one additional non flow-through common share at a price of \$0.35 per share until December 27, 2007. Each non flow-through unit consisted of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.30 until December 27, 2007. The Company issued 89,000 shares in finders' fees valued at \$19,760 and incurred additional share issue costs in the amount of \$4,163 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 May 24, 2007, the Company received shareholder approval to grant up to 9,188,104 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, 2007, the Company had stock options outstanding for the purchase of 5,010,000 common shares. Of this amount, options to purchase 4,381,250 common shares with a weighted average exercise price of \$0.23 were fully vested and exercisable at December 31, 2007.

	2007		2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	4,867,500	\$0.22	3,102,500	\$0.21
Granted	500,000	\$0.32	1,815,000	\$0.22
Exercised	(357,500)	\$0.12	(50,000)	\$0.10
Outstanding at end of year	5,010,000	\$0.23	4,867,500	\$0.22

The following summarizes information about stock options outstanding at December 31, 2007:

Number of Shares	Expiry Date	Exercise Price
950,000	September 21, 2008	\$0.100
1,055,000	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
1,515,000	December 20, 2011	\$0.205
500,000	May 28, 2012	\$0.320
5,010,000		

FJORDLAND EXPLORATION INC.
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7. SHARE CAPITAL (Continued)

(d) Stock-Based Compensation

During the year ended December 31, 2007 the Company granted stock options to an employee to acquire up to 500,000 common shares at an exercise price of \$0.32 per share (2006 - 150,000 common shares at an exercise price of \$0.21 per share, 150,000 common shares at an exercise price of \$0.37 per share and 1,515,000 commons shares at an exercise price of \$0.205 per share).

The fair value of options granted during the year was \$149,235 (2006 - \$371,031). Total stock based compensation expense recognized for the options that vested during the year was \$260,133 (2006 - \$165,305). The fair value of unvested options outstanding at year end was \$147,170 (2006 - \$258,067). During the year ended December 31, 2007, the fair value of options exercised was \$618 (2006 - \$2,474), 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:

	2007	2006
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	159%	151%
Risk-free interest rate	3.58%	2.99%
Expected life of options	5 years	5 years

The weighted average fair value of options granted during the year is \$0.30 (2006 - \$0.19).

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, 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

FJORDLAND EXPLORATION INC.
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7. SHARE CAPITAL (Continued)

(e) Warrants (Continued)

*During the fiscal 2006 year, the expiry of these warrants was extended for an additional year, from October 31, 2006 and November 7, 2006 to October 31, 2007 and November 7, 2007 respectively.

**During fiscal 2007 the expiry of these warrants was extended for an additional six months, from May 31, 2007 and July 5, 2007 to November 30, 2007 and January 5, 2008, respectively.

At December 31, 2006 there was an aggregate of 3,658,750 share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Outstanding at December 31, 2005	Warrants Issued	Warrants Exercised	Warrants Expired	Outstanding at December 31, 2006
\$0.30	June 06, 2006	1,452,500	-	(1,452,500)	-	-
\$0.50	August 10, 2006	1,458,000	-	-	(1,458,000)	-
\$0.60	August 10, 2006	1,458,000	-	-	(1,458,000)	-
\$0.30	May 01, 2006	515,000	-	(515,000)	-	-
\$0.30	May 07, 2006	35,000	-	(35,000)	-	-
\$0.30	July 05, 2006	-	715,000	(715,000)	-	-
\$0.30	August 07, 2006	-	840,000	(815,000)	(25,000)	-
\$0.25	February 07, 2007	-	840,000	-	-	840,000
\$0.50	May 31, 2007	-	525,000	-	-	525,000
\$0.50	July 05, 2007	-	22,500	-	-	22,500
\$0.25	October 31, 2007*	600,000	-	-	-	600,000
\$0.25	November 07, 2007*	80,000	-	-	-	80,000
\$0.35	December 27, 2007	-	765,000	-	-	765,000
\$0.30	December 27, 2007	-	826,250	-	-	826,250
		5,598,500	4,533,750	(3,532,500)	(2,941,000)	3,658,750

*During fiscal 2006, the expiry of these warrants was extended for an additional year, from October 31, 2006 and November 7, 2006 to October 31, 2007 and November 7, 2007 respectively.

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8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company had non-cash transactions as follows:

	2007	2006
Significant non-cash investing and financing activities:		
Operating activities	-	-
Investing activities		
Resource expenditures included in accounts payable at year end	\$ 10,011	\$ 15,278
Financing activities		
Shares issued for resource properties	\$ -	\$ 77,000
Shares issued for share subscriptions received in previous year	-	56,000
Shares issued as finder's fees	63,640	36,080
Fair value of options exercised	618	2,474
Other cash flow information		
Interest received	\$ 32,197	\$ 18,429

9. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are as follows:

- (a) The Company incurred administrative and geological consulting fees of \$36,000 (2006 - \$114,010) charged by a director of which \$16,714 (2006 - \$31,250) was capitalized to mineral properties. The Company also incurred accounting fees of \$48,280 (2006 - \$38,787) charged by a relative of a director.
- (b) Due to related party consists of a bonus payable recorded as consulting fees to a director.

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.
- (c) Included in receivables is \$17,744 (2006 - \$Nil) due to a company with a director in common.

10. 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, 2007	Canada	United States	Total
Capital assets	\$ 3,205,301	\$ 14,671	\$ 3,219,972
December 31, 2006	Canada	United States	Total
Capital assets	\$ 2,543,366	\$ 14,671	\$ 2,558,037

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11. INCOME TAXES

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

	2007	2006
Loss before income taxes	\$ (1,406,764)	\$ (817,082)
Expected income tax recovery	(479,840)	(285,319)
Amortization	1,068	1,178
Stock-based compensation	88,757	59,708
Other non-deductible items	299,013	181,216
Deductible items	(8,645)	(6,171)
Unrecognized benefit of non-capital losses	(494,911)	(136,054)
Future income tax recovery	\$ (594,558)	\$ (185,442)

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:

	2007	2006
Non-capital loss carry-forwards	\$ 437,000	\$ 375,000
Mineral property exploration expenditures	1,245,000	1,538,000
Equipment	13,000	14,000
Share issuance costs	23,000	13,000
	1,718,000	1,940,000
Valuation allowance	(1,718,000)	(1,940,000)
	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$1,450,000. The Company's non-capital loss carry-forwards expire between 2008 and 2027. 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 \$1,742,550 (2006 - \$543,500) 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 (j)*), gives rise to a future income tax liability of \$594,558 (2006 - \$185,442). This liability has been offset by the Company's recognition of future income tax assets that have been previously offset by a valuation allowance. As at December 31, 2007, the amount of flow-through proceeds remaining to be expended is \$430,997.

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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
2008	14,500
2009	14,815
2010	7,408
	<u>\$ 36,723</u>

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

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, reclamation deposit, accounts payable, exploration partner advances and amounts due to related party, some of which are denominated in US Dollars and are subject to fluctuation in foreign exchange rates. 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. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. SUBSEQUENT EVENTS

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) and 20,000 shares of Cariboo Rose Resources Ltd.

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 property 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) and 120,000 shares of Cariboo Rose Resources Ltd. by February 2012.

FJORDLAND EXPLORATION INC.

Management Discussion and Analysis
For the Year Ended December 31, 2007

Form 51-102F1

Description of Business

This Management's Discussion and Analysis ("MD&A") of Fjordland Exploration Inc. ("Fjordland" or "the Company") is dated April 15, 2008. This MD&A should be read in conjunction with the audited consolidated financial statements of Fjordland Exploration Inc. and the notes thereto for the period ended December 31, 2007 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, 2007 and to the date of this MD&A.

On June 1, 2007, Tom G. Schroeter, P. Eng., P. Geo. became President, Chief Executive Officer and Director.

On July 30, 2007, the Company signed a Letter of Intent ("LOI") with Serengeti Resources Inc. to explore several gold-copper properties in central British Columbia. (See QUEST, British Columbia).

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On August 22, 2007, the Company completed the first tranche of a non-brokered private placement for gross proceeds of \$602,400 (See Liquidity and Capital Resources).

On August 30, 2007, the Company completed the final tranche of a non-brokered private placement for gross proceeds of \$395,000 (See Liquidity and Capital Resources).

In January 2008, the QUEST Joint Venture partners acquired, by staking, an additional four properties and expanded one, northwest of Fort St. James.

In February 2008, the Woodjam Joint Venture partners acquired two property acquisitions adjoining their Woodjam property.

Canada

Woodjam, British Columbia

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

In June 2007, the Woodjam joint venture partners staked an additional 9,800 hectares of mineral claims adjacent to, and in the vicinity of, the Woodjam property.

In early 2007, the Company engaged the services of independent consulting geologist P.E. Fox, PhD., P.Eng. to assist with its assessment of the property. Dr. Fox is a recognized authority worldwide on alkaline porphyry gold-copper deposits. Following completion of the property assessment, the Company and partner Cariboo Rose Resources Ltd. decided to undertake extensive induced polarization and magnetic geophysical surveys over several of the previously undrilled portions of the property.

During 2007, approximately 100 line kilometers of induced polarization surveys were completed over the property. The surveys highlighted a new target 3 kilometers east of the Takom area called the Southeast zone. Between July and November, 2007, a diamond drilling program consisting of eight holes totaling 2,277 meters was completed, including four holes on the Southeast zone, one on the Megabuck zone and three on the Takom Zone. Drilling on the former resulted in the discovery of potentially significant copper and molybdenum porphyry style mineralization.

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 be open ended. 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 bring 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 will pay a cash sum payment of \$2,500 and issue 30,000 shares of Fjordland Exploration Inc. and 20,000 shares of Cariboo Rose Resources Ltd.

For the right and option to acquire 100% interest in the Magalloy 1-14 and Magex 1-12 property, Fjordland and Cariboo Rose will pay over a four year period a cash sum totaling \$200,000 and issue a total of 180,000 shares of Fjordland Exploration Inc. and 120,000 shares of Cariboo Rose Resources Ltd.

FJORDLAND EXPLORATION INC.

**Management Discussion and Analysis
For the Year Ended December 31, 2007**

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The Company has started its 2008 exploration program on the property. This year's program will include approximately 4,000 metres of diamond drilling in the Southeast Zone in Phase One, and test other areas outlined by exploration last year. The program will also include a 100 line kilometre induced polarization (IP) survey to identify further areas for exploration including targets at depths up to 500 metres below surface.

QUEST, British Columbia

In June 6, 2007, the Company entered into a joint venture with Serengeti Resources Inc. ("Serengeti") to explore an 81 square kilometer copper gold exploration properties (Tezz), located 40 kilometers south of Prince George, BC. 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 respective properties located in central British Columbia into the QUEST project, to further explore and develop copper-gold targets. The claim blocks acquired cover airborne magnetometer anomalies identified from an early 1960's survey. The Company acquired approximately 60,000 hectares of new claims.

In October 2007, the Company acquired another property in the area and added it to the QUEST Joint Venture. The project now consists of 16 copper-gold exploration properties covering approximately 97,000 hectares. In late October, a 7,000 line kilometer airborne geophysical survey was initiated to cover all the properties. Results are expected in the spring of 2008.

In November and December 2007, 6,624 line kilometres of airborne magnetic surveys, at 250-metre line spacings, over all 16 joint venture properties within the QUEST JV project area was completed. Results from the survey have led to the prioritization of eleven targets for follow-up utilizing ground induced polarization (IP) surveys. Permits have been received from the BC government and the IP surveying commenced in April 2008.

Subsequent to the year ended December 31, 2007, the Company signed a definitive 50%-50% joint venture agreement with Serengeti. The Company is 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.

Olympic-Rob, Yukon

By an agreement dated July 27, 2006, the Company was granted an option to acquire a 60% interest in the Olympic-Rob project in Yukon, Canada by Commander Resources Ltd.

The Olympic-Rob property consists of 3,375 hectares, located in the Ogilvie Mountains approximately 100 km north of Dawson City, Yukon.

In February 2007, the Company signed a project management contract with Aurora Geosciences Ltd. The turnkey project management program covers geophysical surveys and drilling to evaluate areas where previous exploration has identified distinct IOCG-type copper and uranium targets.

On June 24, 2007, drilling commenced on the Rob uranium-copper target; two holes totaling 403.56 meters were completed and resulted in the discovery of potentially significant copper-uranium mineralization. In addition, during July one deep drill hole was attempted on the Olympic copper-gold target; it was lost at 307 meters due to drilling problems and the program was prematurely suspended due to drilling contractor's problems.

Assay results from the 2007 drilling program were released on September 18, 2007.

FJORDLAND EXPLORATION INC.

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Form 51-102F1

As at December 31, 2007, the Company had terminated its option on the property and has written off \$792,561 of acquisition and exploration costs, net of recoveries, incurred on the property.

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.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2007, 2006 and 2005 is summarized in the table below.

	2007 (\$)	2006 (\$)	2005 (\$)
Total revenues	Nil	Nil	Nil
General and administration expenses	630,949	489,628	599,218
Loss for the year	(812,206)	(631,640)	(687,931)
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)
Working capital	1,100,933	1,273,151	177,228
Total assets	4,496,710	4,017,339	1,854,522
Total shareholders' equity (deficiency)	4,379,290	3,831,188	1,819,013
Cash dividends per share	Nil	Nil	Nil
Number of shares issued and outstanding	51,241,794	45,522,020	34,725,220

Results of Operations

The Company's operations during the year ended December 31, 2007 produced a net loss of (\$812,206) or (\$0.02) per share compared to a net loss of (\$631,640) or (\$0.02) per share for 2006 and a net loss of (\$687,931) or (\$0.02) per share for 2005.

1. Total stock-based compensation on options granted, and which were vested during the year ended December 31, 2007, resulted in \$260,133 (2006 - \$165,305) being expensed. Stock-based compensation is a non-cash item.
2. Accounting and audit expenditures were \$81,553 (2006 - \$65,914); an increase of \$15,639 resulting from an increase in flow-through reporting requirements and management of the Woodjam Joint Venture project.
3. Investor relations and promotion expense was \$92,311 (2006 - \$50,373). A breakdown of investor relations and promotion expenses is provided below:

	Dec 31, 2007	Dec 31, 2006
Administration	\$ 8,105	\$ 2,944
Conferences	25,905	9,939
Consulting	34,750	29,850
Promotion	8,389	4,792
Media	15,162	2,848
	<u>\$ 92,311</u>	<u>\$ 50,373</u>

On February 1, 2007 an amended investor relations consulting agreement was signed increasing the monthly consulting fees to \$3,000.

4. Future income tax recovery of \$594,558 (2006 - \$185,442) was recorded due to the renouncement of flow-through shares and resulting recognition of future tax assets.

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5. Consulting fees of \$27,286 (2006 - \$82,760) represent a decrease of \$55,474 from 2006. These consulting fees are allocated as to time spent on exploration projects and administration, resulting in a fluctuation of consulting fees expensed. As of July 1, 2007, the Company no longer retains the services of the consultant.
6. Administration fees of \$45,832 (2006 - \$24,851) represents an increase of \$20,981 from 2006. This increase is due to the hiring of a corporate assistant and an increase in corporate secretary fees.
7. Interest of \$23,302 (2006 - \$1,140) includes \$21,476 (2006 - \$Nil) in interest accrued to Canada Revenue Agency for unspent flow-through funds, due to early renouncement under the look-back rule.

Exploration Expenditures

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

	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

Exploration expenditures during the year ended December 31, 2007 were \$1,797,866 (2006 - \$1,700,356), which consisted of \$19,169 (2006 - \$233,330) in acquisition costs and \$1,778,697 (2006 - \$1,467,026) in exploration costs. During the year, the Company incurred cash option payments of \$Nil (2006 - \$130,000), issued no shares (2006 - 350,000) valued at \$Nil (2006 - \$77,000) and had cost recoveries of \$344,355 (2006 - \$450,973).

During the year ended December 31, 2007, the Company wrote down \$792,561 (2006 - \$347,041) in acquisition and exploration costs.

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Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter for the three months ending on December 31, 2007 are summarized in the table below.

Financial Data for Last Eight Quarters								
Three months ended	Dec-07	Sep-07	Jun-07	Mar-07	Dec-06	Sep-06	Jun-06	Mar-06
Total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
General and administration	(256,704)	(69,600)	(206,998)	(97,647)	(175,875)	(142,647)	(81,431)	(89,675)
Income (loss) for the period	(953,309)	(62,098)	(199,821)	403,022	(512,899)	(138,458)	(77,886)	97,603
Basic earnings (loss) per share	(0.02)	(0.01)	(0.01)	0.01	(0.02)	(0.01)	(0.01)	0.01
Diluted earning (loss) per share	(0.02)	(0.01)	(0.01)	0.01	(0.02)	(0.01)	(0.01)	0.01
Total Assets	4,496,710	5,105,931	4,255,285	4,086,792	4,017,339	3,621,319	3,344,566	2,344,151
Exploration Expenditures	651,390	610,976	385,074	150,426	362,160	838,056	110,534	389,606

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 and Capital Resources

The Company has financed its operations through the sale of its equity securities. The Company has no producing mineral properties. The Company expects to obtain financing in the future primarily through equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interests in its properties.

As at December 31, 2007, the Company had a cash position of \$1,084,991 and working capital of \$1,100,933, compared to cash of \$1,434,385 and working capital of \$1,273,151 at December 31, 2006.

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.

Financing Activities

On August 22, 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 consists of one flow-through common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles 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 consists of one common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles 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.

On August 30, 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 consists of one flow-through common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles 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 consists of one common share and one-half non-transferable common share purchase warrant. Each whole warrant entitles 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.

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During the year ended December 31, 2007 the Company issued 357,500 common shares for proceeds of \$42,650 pursuant to the exercise of stock options and 2,264,750 common shares for proceeds of \$665,750 pursuant to the exercise of warrants.

Outstanding Share Data

	No. of Shares	Exercise Price	Expiry Date
Issued and Outstanding	51,301,794		
Stock Options	5,010,000	\$0.10 to \$0.37	Sep 21/08 to May 28/12
Warrants	1,457,331	\$0.40 to \$0.50	Aug 15/08 to Aug 29/08
Fully diluted April 15, 2008	57,769,125		

Investing Activities

The Company spent \$1,797,866 on acquisition, exploration and development during the year ended December 31, 2007, (\$1,700,356 during the year ended December 31, 2006), including \$19,169 of acquisition. Expenditures included \$912,246 spent on the Woodjam Property in BC with cost recoveries from the joint venture partner of \$331,563, \$642,161 spent on the Olympic-Rob Property in the Yukon and \$243,459 spent on the QUEST Property in BC with cost recoveries from the joint venture partner of \$2,010.

The Company has decided to relinquish its options on the Olympic-Rob properties in the Yukon and has written off \$792,561 of acquisition and exploration costs.

Related Party Transactions

Transactions and balances with related parties are as follows:

- (a) The Company incurred administrative and geological consulting fees of \$36,000 (2006- \$114,010) charged by a director of which \$16,714 (2006 - \$31,250) was capitalized to mineral properties. The Company also incurred accounting fees of \$48,280 (2006 - \$38,787) charged by a relative of a director.
- (b) Due to related party consists of a bonus payable recorded as consulting fees to a director.

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.

- (c) Included in receivables is \$17,744 (2006 - \$Nil) due to a company with a director in common.

Subsequent Events

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) and 20,000 shares of Cariboo Rose Resources Ltd.

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 property 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) and 120,000 shares of Cariboo Rose Resources Ltd. by February 2012.

Changes in Accounting Policies**(a) Financial instruments**

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables and deposits for reclamation are classified as held to maturity. Accounts payable and accrued liabilities as well as exploration partner advances and due to related party are classified as other financial liabilities, all of which are measured at amortized cost.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

There was no adjustment to opening balances as a result of the application of Section 3855.

(b) Accounting Changes

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 1506. The main features of this new standard are (a) voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information; (b) changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the section); (c) prior period errors are corrected retrospectively; and (d) new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors. This new standard was effective for fiscal years beginning on or after January 1, 2007.

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. As required by the transitional provisions of these new standards, these new standards have been adopted on a prospective basis with no restatement to the prior period financial statements.

Recent Accounting Pronouncements**(a) Capital Disclosures**

In February 2007, the 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. The new section is effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its financial statements.

(b) Financial Instruments

In February 2007, the 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 of 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. The new sections are effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of these new sections on its financial statements.

(c) Assessing Going Concern

The AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

(d) 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.

(e) 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.

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Off-balance Sheet Arrangements

The Company had no off-balance sheet arrangements in place as at December 31, 2007.

Financial Instruments and other Instruments

The Company's financial assets consist of cash and deposits for reclamation, accounts receivable and prepaid expenses, accounts payable and amounts due to parent company. 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.

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 ore bodies of 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

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REGISTRAR AND TRANSFER AGENT

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SHARE LISTING

TSX Venture Exchange
Symbol: FEX

CAPITALIZATION AT DECEMBER 31, 2007

Shares Authorized: Unlimited
Shares Issued and Outstanding: 51,241,794

