

GUNGNIR

Interim Financial Statements

March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

Gungnir Resources Inc.

Statements of Financial Position

(expressed in Canadian dollars)

Unaudited – Prepared by Management

As at	Note	March 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	3	\$ 3,032,020	\$ 1,191,394
Accounts receivable and prepaids	4	882,198	37,312
		3,914,218	1,228,706
Non-current assets			
Deposits	3	11,514	11,514
Reclamation bonds	5	35,753	35,753
Exploration and evaluation properties	6	2,673,178	2,660,268
Total assets		6,634,663	3,936,241
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		131,069	50,333
Total liabilities		131,069	50,333
Equity			
Share capital	7	32,968,339	31,789,790
Stock-based payment reserve	7	805,124	764,552
Warrants	7	1,615,864	344,264
Contributed surplus	7	6,797,497	6,789,497
Deficit		(35,683,230)	(35,802,195)
Total equity		6,503,594	3,885,908
Total liabilities and equity		\$ 6,634,663	\$ 3,936,241

Nature and continuance of operations (Note 1)

Subsequent events (Note 13)

See accompanying notes to the interim financial statements

Gungnir Resources Inc.

Statements of Comprehensive Loss

(expressed in Canadian dollars)

Unaudited – Prepared by Management

For the Periods Ended March 31,

Note

2022

2021

Operating expenses				
General and administration	10	\$	36,635	19,728
Compensation	10		93,352	93,125
Professional fees	10		3,183	600
			(133,170)	(113,453)
Other items				
Interest income			23	38
Foreign exchange			2,112	(2,566)
Royalty income	6 (a)		250,000	-
Comprehensive gain (loss)		\$	118,965	(115,981)
Weighted average number of shares outstanding			88,577,630	72,266,735
Basic and diluted earnings (loss) per share		\$	0.00	(0.00)

See accompanying notes to the interim financial statements

Gungnir Resources Inc.

Statements of Cash Flows

(expressed in Canadian dollars)

Unaudited – Prepared by Management

For the Periods Ended March 31,

2022

2021

Operating activities			
Comprehensive loss for the period	\$	118,965	\$ (115,981)
Adjustments for:			
Accrued interest		-	-
Foreign exchange			-
		118,965	(115,981)
Net change in non-cash working capital:			
Accounts receivable		(841,424)	(3,188)
Prepaid expenses		(3,461)	-
Accounts payable and other accrued liabilities		80,736	10,324
Net cash used in operating activities		(645,184)	(108,845)
Financing activity			
Issue of units, net of share issue costs		2,444,720	-
Exercise of options		30,000	-
Exercise of warrants		24,000	-
Net cash from financing activities		2,498,720	-
Investing activities			
Reclamation bonds		-	3,138
Exploration and evaluation expenditures		(12,910)	(36,603)
Net cash used in investing activities		(12,910)	(33,465)
Net increase (decrease) in cash		1,840,626	(142,310)
Cash and cash equivalents, beginning of year		1,191,394	1,247,494
Cash and cash equivalents, end of period	\$	3,032,020	\$ 1,105,184

See accompanying notes to the interim financial statements

Gungnir Resources Inc.

Statements of Changes in Equity

(expressed in Canadian dollars)

Unaudited – Prepared by Management

	Shares (Note 7)	Share Capital	Stock-based compensation	Warrants	Contributed surplus	Deficit	Total equity
January 1, 2021	78,597,785	30,624,048	550,547	409,884	6,750,902	(34,901,924)	3,433,457
Comprehensive loss	-	-	-	-	-	(115,981)	(115,981)
March 31, 2021	78,597,785	\$ 30,624,048	\$ 550,547	\$ 409,884	\$ 6,750,902	\$ (35,017,905)	\$ 3,317,476
Warrants exercised	10,584,332	563,883	-	-	-	-	563,883
Re-allocated on exercise of warrants	-	168,286	-	(168,286)	-	-	-
Options exercised	2,233,333	134,000	-	-	-	-	134,000
Re-allocated on exercise of options	-	116,531	(116,531)	-	-	-	-
Re-allocated on expiry of options and warrants	-	-	(32,103)	(4,380)	36,483	-	-
Private placement – units issued	5,964,000	191,154	-	107,046	-	-	298,200
Share issue costs	-	(8,112)	-	-	2,112	-	(6,000)
Stock-based compensation	-	-	362,639	-	-	-	(362,639)
Comprehensive loss	-	-	-	-	-	(784,290)	(784,290)
December 31, 2021	97,379,450	\$ 31,789,790	\$ 764,552	\$ 344,264	\$ 6,789,497	\$ (35,802,195)	\$ 3,885,908
Warrants exercised	,300,000	24,000	-	-	-	-	24,000
Re-allocated on exercise of warrants	-	7,500	-	(7,500)	-	-	-
Options exercised	600,000	30,000	-	-	-	-	30,000
Re-allocated on exercise of options	-	24,000	(24,000)	-	-	-	-
Re-allocated on expiry of options and warrants	-	-	(8,000)	-	8,000	-	-
Private placement – units issued	21,318,336	1,279,100	-	1,279,100	-	-	2,558,200
Share issue costs	-	(186,051)	72,572	-	-	-	(113,479)
Stock-based compensation	-	-	-	-	-	-	-
Comprehensive loss	-	-	-	-	-	118,965	118,965
March 31, 2022	119,597,786	\$ 32,968,339	\$ 805,124	\$ 1,615,864	\$ 6,797,497	\$ (35,683,230)	\$ 6,503,594

See accompanying notes to the interim financial statements

Gungnir Resources Inc.

Notes to the Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in British Columbia, Canada and is involved in the acquisition and exploration of mineral property interests. At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no major source of operating revenue and is dependent upon equity financing to maintain its current operations. These financial statements have been prepared on the basis of the Company being a going concern and able to realize its assets and discharge its liabilities in the normal course of business.

The Company will eventually need to seek additional financing to meet its ultimate exploration and development objectives. The Company has a reasonable expectation that additional funds will be available when necessary to meet ongoing exploration and development costs. However, there can be no assurance that the Company will continue to be able to obtain additional financial resources or will achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to re-evaluate its planned expenditures until additional funds can be raised through financing activities.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The primary office of the Company is located at 1688 – 152nd Street, Suite 404, Surrey, BC, V4A 4N2.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Conversion to International Financial Reporting Standards

These unaudited interim financial statements have been prepared in accordance with International Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2021.

(b) Basis of presentation

These financial statements have been prepared on a going concern basis, under the historical cost basis except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Gungnir Resources Inc.

Notes to the Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The preparation of these financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the period.

(c) Significant accounting judgments and estimates (continued)

On an ongoing basis, management evaluates its judgments and estimates by using its experience and other factors it believes to be reasonable. Actual results could differ from those estimates.

These financial statements include estimates which are uncertain, the impacts of which are pervasive and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if it affects both current and future periods. Significant estimates and judgments include, but are not limited to, valuation of exploration and evaluation properties, inputs used in the valuation of the Company's warrants and stock options and income taxes.

- *Valuation of exploration and evaluation properties.* Management applies judgment in determining whether a property is technically feasible and commercially viable and the amounts recognized on the Company's statement of financial position.
- *Valuation of warrants and stock options.* Management makes certain estimates when determining the fair value of warrants and stock options awards, and the number of warrants and stock options that are expected to vest. For warrants issued, these estimates affect their amounts recognized either within assets or equity. For stock option awards, these estimates affect the amounts recognized in the statement of comprehensive income.
- *Income taxes.* Income taxes payable and deferred income tax assets and liabilities require management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes becomes certain only when filed and accepted by the relevant authorities.

(d) Functional currency and foreign currency transactions

The functional and presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

(e) Financial instruments and financial risk

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes party to the contractual provisions of the instrument.

i. Financial assets

Cash and cash equivalents are classified as subsequently measured at amortized cost.

Financial assets at fair value through gain or loss are measured at fair value.

Gungnir Resources Inc.

Notes to the Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments and financial risk (continued)

i. Financial assets (continued)

Amounts receivable, exclusive of GST, are non-interest bearing and are recognized at the face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Amounts receivable recorded are net of lifetime expected credit losses. The Company applies the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized upon initial recognition of the receivables.

Reclamation bonds are classified as subsequently measured at amortized cost.

ii. Financial liabilities

Accounts payable and accrued liabilities are classified as subsequently measured at amortized cost.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial instruments liabilities are measured at amortized cost using the effective interest method.

(f) Impairment of financial assets and non-financial assets

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows, discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are collectively assessed in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

ii. Non-financial assets

Non-financial assets are evaluated at least annually by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income (loss). The recoverable amount of the asset is the greater of its fair value less cost to sell and value in use.

Gungnir Resources Inc.

Notes to the Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Exploration and evaluation properties

Acquisition costs of resource properties together with direct exploration expenditures thereon are deferred until the property to which they relate is placed into production, sold, abandoned, or become impaired.

Option or other payments received in respect of property interests are applied to reduce the carrying value of the properties. The carrying values of mineral properties are, where necessary, written down to the estimated fair value based on discounted estimated future net cash flows. Exploration and evaluation assets will be depreciated on a unit of production basis when the property is placed into production.

The Company reviews the carrying values of its resource properties whenever events or circumstances indicate that there may be a potential impairment. Where estimates of future cash flows are not available and where exploration results or other information suggest impairment has occurred, management assesses whether the carrying value can be recovered, and if not, an appropriate write-down is recorded.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects in title registration.

Once mineral reserves are determined and the decision to proceed into project development has been approved, the expenditures related to development will be amortized over the life of the project based on estimated economic reserves.

Exploration costs renounced to shareholders due to flow-through share subscription agreements remain capitalized; however, for income tax purposes the Company has no right to claim these costs as tax deductible expenses.

(h) Reclamation bonds

Cash which is subject to contractual restrictions on use imposed by government agencies as a condition of granting permits in connection with exploration and evaluation assets is classified separately as reclamation bonds.

(i) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and investments in financial instruments that are readily convertible into known amounts of cash and have original maturities within 365 days held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. At March 31, 2022, the Company had cash and cash equivalents of \$3,302,020 (2021 - \$1,191,394).

(j) Flow-through shares

The Company from time to time issues flow-through common shares to finance a significant portion of its exploration programs. Pursuant to the terms of the applicable flow-through share subscription agreements, the tax deductibility of qualifying resource expenditures funded from the proceeds of the sales of such shares is transferred to the investors who purchased the flow-through shares. Under IFRS, on issuance of such shares, the Company bifurcates the flow-through share into: (i) a flow-through share premium, equal to the

Gungnir Resources Inc.

Notes to the Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Flow-through shares (continued)

estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. Upon expenses being incurred the Company derecognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with flow-through regulations pursuant to the Income Tax Act (Canada). When applicable, this tax is accrued until paid.

(k) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(l) Share-based payment transactions

The Company has a stock option plan that allows certain officers, directors, consultants, and related company employees to acquire shares of the Company. The fair value of the options granted is recognized as an expense with a corresponding increase in equity.

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model considering the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche is an award with graded vesting and is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

The offset to the recorded cost is to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments originally recorded as contributed surplus are transferred to share capital. Upon cancellations or expiry of an option, the recorded value is transferred to contributed surplus.

(m) Asset retirement obligations

The fair value of a liability for an asset retirement obligation is recognized on a discounted cash flow basis when a reasonable estimate of the fair value of the obligation can be made. The asset retirement obligation

Gungnir Resources Inc.

Notes to the Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset.

(m) Asset retirement obligations (continued)

Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation. As at March 31, 2022, the Company does not have any asset retirement obligations.

(n) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(o) Loss per share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same.

(p) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Gungnir Resources Inc.

Notes to the Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Overview of Changes in IFRS

Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use (“IAS 16”)

On January 1, 2022 the Company adopted the IASB issued amendments IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*.

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit (loss). The amendments to IAS 16 will have no material impact on the Company’s financial statements.

(r) Future accounting pronouncements

Amendment to IAS 1 Presentation of Financial Statements (“IAS 1”)

In January 2020 the IASB issued amendments to IAS 1, *Presentation of Financial Statements* which is effective for annual periods beginning after January 1, 2023. The amendment clarifies the criteria for classifying a liability as non-current if there is the right to defer settlement of the liability for at least 12 months after the reporting period. Management will assess the impact of this standard.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

In February 2021 the IASB issued amendments to IAS 8, *Definition of Accounting Estimates* which is effective for annual periods beginning after January 1, 2023. The amendment helps entities to distinguish between accounting policies and accounting estimates. Management will assess the impact of this standard.

Amendment to IAS 1 and IFRS Practice Statement 2 (“IAS 1 and IFRS Practice Statement”)

In February 2021 the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies* which is effective for annual periods beginning after January 1, 2023. The amendment assists entities in deciding which accounting policies to disclose in their financial statements. Management will assess the impact of this standard.

Amendment to IAS 12 Income Taxes (“IAS 12”)

In May 2021 the IASB issued “*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*” which is effective for annual periods beginning after January 1, 2023. The amendment clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. Management will assess the impact of this standard.

Gungnir Resources Inc.
Notes to the Interim Financial Statements
For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

3. CASH AND CASH EQUIVALENTS

Cash, cash equivalents and term deposits consist of the following:

	March 31, 2022	December 31, 2021
Cash bank accounts	\$ 3,032,020	\$ 1,191,394
Term deposits	11,514	11,514
	\$ 3,043,535	\$ 1,202,908

The Company estimates that the fair value of cash, cash equivalents and term deposits approximate the carrying values as of March 31, 2022 and 2021. Money market instruments held by the Company are convertible to cash on an "on demand" basis. Term deposits include \$11,500 (2020 - \$11,500) plus accrued interest that the Company deposited with the Bank of Montreal in Guaranteed Investments Certificates with respect to collateralizing its MasterCard Credit card account.

4. AMOUNTS RECEIVABLE AND PREPAYMENTS

Receivables and prepayments consist of the following:

	March 31, 2022	December 31, 2021
GST receivable and deposit receivable	\$ 8,387	\$ 6,423
VAT receivable	1,429	969
Other receivable - private placement	839,000	-
Prepaid	33,382	29,920
	\$ 882,198	\$ 37,312

5. RECLAMATION BONDS

The Company has reclamation bonds outstanding totalling a principal amount of \$36,359 (2021 - \$36,359) to satisfy certain performance obligations associated with the exploration of the Blu Starr properties (\$21,500) and Gungnir properties (\$14,859). These investments are recorded at market value and earn interest at market rates.

Gungnir Resources Inc.

Notes to Interim Financial Statements

For the periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

6. EXPLORATION AND EVALUATION PROPERTIES

Exploration and Evaluation Properties	December 31, 2021	Exploration and evaluation	Impairment	Loss on sale of property	Recoveries	March 31, 2022
Gungnir Swedish Properties*	2,660,268	12,910	-	-	-	2,673,178
	2,660,268	12,910	-	-	-	2,673,178

Exploration and Evaluation Properties	December 31, 2020	Exploration and evaluation	Impairment	Loss on sale of property	Recoveries	December 31, 2021
Gungnir Swedish Properties*	2,117,439	550,305	(7,476)	-	-	2,660,268
	2,117,439	550,305	(7,476)	-	-	2,660,268

*The Company's Swedish property interests are referred to collectively as the "Gungnir Swedish Properties."

Gungnir Resources Inc.

Notes to Interim Financial Statements

For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

6. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

(a) Knaften-Nordanas, Sweden

On June 16, 2014, the Company through a Share Exchange Agreement, acquired a private company, Gungnir Resources Inc. (“Gungnir”), registered in Ontario, and 100% of its Nordanas and Knaften (Knaften nr 100 and 200) properties located in northern Sweden. The claims are subject to a 2.4% NSR, of which one-third is owned by a related party. During 2016, the Nordanas claim was allowed to expire resulting in a write down of \$148,820 in capitalized costs associated with the Nordanas property.

From 2016 to 2021, the Company expanded its Knaften project by adding the Knaften nr 300, 400, 500, 600 and 700 licenses. The licenses comprising of the Knaften property are valid from 2022 to 2025.

During the period ended March 31, 2022, the Company incurred exploration expenditures of \$4,824 (2021 - \$236,238) on the Knaften property.

The Company entered into a royalty option agreement with Altius Minerals Corporation pursuant to which the Company has granted Altius the right, in exchange for \$250,000 in cash, to enter into: (i) a royalty agreement with respect to licences at the Company’s Lappvattnet and Rormyrberget projects (the “Lappvattnet and Rormyrberget Option”), and (ii) a royalty agreement with respect to licences at the Company’s Knaften project (the “Knaften Option”). Under the Option Agreement, Altius may exercise its Lappvattnet and Rormyrberget Option by paying the Company \$8 million at which time the Company and Altius will enter into a royalty agreement for a 2.0% gross sales royalty in perpetuity, and Altius may exercise its Knaften Option by paying the Company \$2 million at which time the Company and Altius will enter into a royalty agreement for a 1.0% gross sales royalty in perpetuity.

(b) Rormyrberget-Lappvattnet, Sweden

On February 24, 2015, the Company staked three mining licenses comprising of the Rormyrberget and Lappvattnet properties. These two properties are located east of the Company’s Knaften-Nordanas property. The properties are held 100% by the Company through staking.

During the period ended March 31, 2022, the Company incurred exploration expenditures of \$8,085 (2021 - \$282,959) on the Lappvattnet property and \$ nil (2021 - \$30,718) on the Rormyrberget property.

During the period ended March 31, 2022, the Company received \$250,000 from Altius Minerals Corporation granting Altius the right to enter into the royalty agreement with respect to licences at the Company’s Lappvattnet and Rormyrberget projects as detailed in Note 6.(a) above.

(c) Norrbotten, Sweden

During the year ended December 31, 2018, the Company staked five exploration licenses in northern Sweden, located approximately 200 km north of the Company’s Knaften project.

During the year ended December 31, 2021, the Company allowed all licenses applicable to the Norrbotten property to lapse and wrote off the carrying value of \$7,476.

Gungnir Resources Inc.

Notes to Interim Financial Statements

For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

7. SHARE CAPITAL

The authorized share capital in Gungnir Resources Inc. consists of 500,000,000 common shares.

On March 31, 2022, the Company completed a non-brokered private placement for 21,318,336 units of the Company (the “Units”) priced at \$0.12 per Unit (the “Unit Price”), for gross proceeds of \$2,558,200. Each Unit consists of one common share in the capital of the Company (each, a “Common Share”) and one common share purchase warrant (each, a “Warrant”), with each Warrant entitling the holder thereof to acquire one Common Share for a period of two years from the applicable closing date of the Offering at an exercise price of \$0.18 per share. The fair value attributable to these share purchase warrants was \$1,279,100. The Company paid a cash commission of \$113,480 and granted 933,999 finder options (valued at \$72,572). Each finder option entitles the holder to purchase one common share of the Company at an exercise price of \$0.12 and one common share purchase warrant of the Company at an exercise price of \$0.18 for a period of 24 months following the closing.

On January 31, 2022 the Company issued 600,000 common shares, pursuant to the exercise of options, at \$0.05 per share for gross proceeds of \$30,000. \$24,000 previously recognized in stock-based payment reserve was reclassified to share capital on the exercise of the options. 200,000 options with an exercise price of \$0.05 expired unexercised.

On March 22, 2022 the Company issued 300,000 common shares, respectively, pursuant to the exercise of warrants at \$0.08 per share for gross proceeds of \$24,000. \$7,500 previously recognized in warrants reserve was reclassified to share capital on the exercise of the warrants.

At March 31, 2022 there are 119,597,786 common shares issued and outstanding

Share-based Compensation

The Company has adopted a 2019 Incentive Stock Option Plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve month period will not exceed 10% of the Company’s issued and outstanding common shares.

Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company’s shares on the last trading day before the grant of such options less any discount, if applicable, but in any event not less than \$0.05 per share.

Options may be exercised no later than 6 months following cessation of the optionee’s position with the Company.

Gungnir Resources Inc.
Notes to Interim Financial Statements
For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

7. SHARE CAPITAL (CONTINUED)

The following table summarizes information about the stock options for periods ended March 31, 2022 and 2021:

	March 31, 2022		December 31, 2021	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options outstanding, beginning of year	9,466,667	\$ 0.10	8,350,000	\$ 0.08
Granted	933,999	0.12	4,000,000	0.11
Exercised	(600,000)	0.05	(2,233,333)	0.06
Expired/Cancelled	(200,000)	0.05	(650,000)	0.06
Options outstanding, end of period	9,600,666	\$ 0.11	9,466,667	\$ 0.10
			2022	2021
Options exercisable, end of period			9,600,666	9,466,667
Weighted average contractual remaining life (years)			3.63	3.71

Summary of stock options outstanding at March 31, 2022:

Number outstanding	Exercise price (\$)	Expiry date
266,667*	0.06	October 2, 2023
2,000,000	0.11	September 11, 2024
2,400,000	0.10	November 18, 2025
4,000,000	0.11	December 22, 2026
933,999 **	0.12	March 31, 2024
9,600,666		

* Compensation options granted in 2020

** Compensation options granted in 2022

During the period ended March 31, 2022, \$ nil of share-based compensation was incurred (2021 - \$362,639).

The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model, using the expected dividend yield of \$nil (2021 - \$nil), average risk-free interest rate of 2.27% (2021 - 1.25%), expected life of 5 years (2021 - 5 years), stock price of \$0.12 (2021 - \$0.11) and an expected volatility of 97% (2021 - 120%).

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

Gungnir Resources Inc.
Notes to Interim Financial Statements
For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

7. SHARE CAPITAL (CONTINUED)

Warrants

The following table summarizes information about the warrants for periods ended March 31, 2022 and 2021:

	March 31, 2022		December 31, 2021	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Beginning of year	15,129,334	\$ 0.09	19,851,000	\$ 0.07
Granted	21,318,336	0.18	5,996,000	0.08
Exercised	(300,000)	0.08	(10,584,332)	0.05
Expired/Cancelled	-	-	(133,334)	0.05
Warrants outstanding, end of period	36,147,670	\$ 0.14	15,129,334	\$ 0.09

	2022	2021
Warrants exercisable, end of period	36,147,670	15,129,334
Weighted average contractual remaining life (years)	1.79	1.72

Summary of warrants outstanding at March 31, 2022:

Number outstanding	Exercise price (\$)	Expiry date
6,133,334	0.09	September 24, 2023
3,000,000	0.09	October 1, 2023
5,664,000	0.08	September 10, 2023
32,000	0.05	September 10, 2023
21,318,336	0.18	March 31, 2024
36,147,670		

Gungnir Resources Inc.

Notes to Interim Financial Statements

For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

7. SHARE CAPITAL (CONTINUED)

Contributed surplus

Contributed surplus includes the accumulated fair value of expired or cancelled stock options and unit warrants and the fair value of finder warrants granted. Contributed surplus is comprised of the following:

	Options	Unit Warrants	Finder Warrants	Total
December 31, 2021	\$ 3,724,396	\$ 3,062,989	\$ 2,112	\$ 6,789,497
Options and warrants expired	8,000	-	-	8,000
Finder's warrants granted	-	-	-	-
March 31, 2022	\$ 3,732,396	\$ 3,062,989	\$ 2,112	\$ 6,797,497

Loss per Share

Periods ended	March 31, 2022	December 31, 2021
Numerator: Net income (loss) attributable to common shareholders – basic and diluted	\$ 118,965	\$ (900,271)
Denominator: Weighted average number of common shares outstanding – basic and diluted	88,577,630	83,842,151
Basic and diluted earnings (loss) per share	\$ 0.00	\$ (0.01)

Diluted earnings (loss) per share did not include the effect of 9,600,666 (2021 - 9,466,667) stock options and 36,147,670 (2021 - 15,129,334) warrants as they are anti-dilutive.

8. CAPITAL MANAGEMENT

The Company manages its cash, common shares, stock options and warrants as capital. 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 development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

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 and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Gungnir Resources Inc.

Notes to Interim Financial Statements

For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

9. FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is limited to cash and term deposits. As at March 31, 2022 the Company's financial instruments consist of interest-bearing, short-term investment-grade instruments issued by a Canadian chartered bank. The Company does not believe that it is exposed to significant credit risk on financial instruments issued by the Canadian chartered bank.

Interest rate risk

The Company is exposed to interest rate risk on its cash, term deposits and reclamation bonds, but is not exposed to any interest rate risk on outstanding borrowing as there are none at March 31, 2022.

Liquidity risk

The Company manages its liquidity risk by ensuring that there is sufficient capital in order to meet the short-term business requirements. The Company maintains cash and short-term investments which are available on demand for this purpose.

Other risks

The Company considers commodity price risk, operational risk and foreign exchange risk to be immaterial and therefore does not include them in their sensitivity analysis.

FAIR VALUE HIERARCHY

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company does not have any financial instruments carried at fair value.

Gungnir Resources Inc.

Notes to Interim Financial Statements

For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

10. EXPENSES

The Company's expenses from operations for the periods ended March 31, 2022 and 2021 are detailed as follows:

General and administration		2022		2021
Shareholder and regulatory	\$	32,764	\$	15,288
Travel and promotion		-		250
Office		3,870		4,190
	\$	36,634	\$	19,728

Compensation	Note	2022		2021
Consulting fees and wages	11	\$ 93,352	\$	93,125
Stock-based compensation	7, 11	-		-
		\$ 93,352	\$	93,125

Professional fees		2022		2021
Accounting fees	\$	2,400	\$	600
Legal fees		783		-
	\$	3,183	\$	600

11. RELATED PARTY TRANSACTIONS

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount. The following are the related party transactions for the period.

For the period ended March 31, 2022, the Company had the following transactions with related parties:

- Incurred or paid wages of \$81,250 in total to the CEO and CFO of the Company (2021 - \$81,250).
- Incurred or paid directors' fees of \$10,000 included in consulting fees and wages (2021 - \$10,000).
- Incurred stock-based compensation of \$nil (2021 - \$nil).

At March 31, 2022, accounts payable and accrued liabilities include \$nil (2021 - \$nil) due to the related parties of the Company.

Gungnir Resources Inc.

Notes to Interim Financial Statements

For the periods ended March 31, 2021 and 2021

(expressed in Canadian dollars)

Unaudited – Prepared by Management

12. SEGMENTED INFORMATION

At March 31, 2022, the Company has two operating and reporting segments, being the Canadian and the Sweden exploration operations. The Company's information about its exploration and evaluation assets by geographic location is detailed below.

		Exploration	
		Canada	Sweden
March 31, 2022	\$	-	\$ 2,673,178
December 31, 2021	\$	-	\$ 2,667,744

13. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2022, the Company granted, in compliance with the Company's stock option plan, 2,539,778 incentive stock options to purchase common shares of the Company at \$0.14 per share for five years to the directors and a consultant of the Company.

In April of 2022 the Company added the Hemberget Property to its package of polymetallic projects in northern Sweden. The 29.4 sq. km property was acquired by staking in order to evaluate potential for intrusion hosted copper-nickel and volcanogenic massive sulphide (VMS) mineralization.