

GUNGNIR

Interim Financial Statements

September 30, 2021 and 2020

(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	September 30, 2021	December 31, 2020
Assets			
Current assets			
Cash & cash equivalents	3	\$ 1,370,066	\$ 1,247,494
GST/VAT receivable and prepaids	4	55,974	41,931
		1,426,040	1,289,425
Non-current assets			
Deposits	3	11,550	11,550
Reclamation bonds	5	36,256	39,313
Exploration and evaluation properties	6	2,474,889	2,117,439
Total assets		3,948,735	3,457,727
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		26,089	24,270
Total liabilities		26,089	24,270
Equity			
Share capital	7	31,544,906	30,624,048
Stock-based payment reserve	7	504,395	550,547
Warrants	7	400,181	409,884
Contributed surplus	7	6,755,282	6,750,902
Deficit		(35,282,118)	(34,901,924)
Total equity		3,922,646	3,433,457
Total liabilities and equity		\$ 3,948,735	\$ 3,457,727
Nature and continuance of operations (Note 1)			

See accompanying notes to the interim financial statements

Gungnir Resources Inc.

Statements of Comprehensive Income (Loss)

(expressed in Canadian dollars)

Unaudited – Prepared by Management

For the Periods Ended September 30,	Note	2021 3 months	2020 3 months	2021 9 months	2020 9 months
Operating expenses					
General and administration	10	\$ 61,350	58,358	\$ 95,858	84,808
Compensation	10	86,893	87,164	269,724	269,273
Professional fees	10	3,231	1,211	6,937	2,898
		(151,474)	(146,733)	(372,519)	(356,979)
Other items					
Interest income		20	5,411	86	15,667
Foreign exchange		(5,581)	(3,775)	(7,761)	(4,708)
Comprehensive income (loss)		\$ (157,035)	(145,097)	\$ (380,194)	(346,020)
<hr/>					
Weighted average number of shares outstanding		78,957,951	66,207,374	78,957,951	66,207,374
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Basic and diluted earnings (loss) per share	7	\$ 0.00	0.00	\$ 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 September 30,	Note	2021	2020
Operating activities			
Comprehensive income (loss) for the period	\$	(380,194)	\$ (346,020)
Adjustments for:			
Accrued interest		53	66
Stock-based compensation		-	-
		(380,141)	(345,954)
Net change in non-cash working capital			
GST/VAT receivable		(14,043)	(14,570)
Prepaid expenses		-	-
Accounts payable and other accrued liabilities		1,819	(93,066)
Net cash from (used in) operating activities		(392,365)	(453,590)
Financing activity			
Issue of units, net of share issue costs		295,400	368,000
Exercise of options		48,500	-
Exercise of warrants		525,483	-
Net cash from financing activity		869,383	368,000
Investing activities			
Reclamation bonds		3,004	(14,856)
Exploration and evaluation expenditures		(357,450)	(277,416)
Net cash used in investing activities		(354,446)	(292,272)
Net increase (decrease) in cash		122,572	(377,862)
Cash and cash equivalents, beginning of period		1,247,494	1,561,912
Cash and cash equivalents, end of period	\$	1,370,066	\$ 1,184,050

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, 2020	66,097,785	30,239,021	378,590	180,266	6,725,890	(34,273,902)	3,249,865
Re-allocated on expiry or cancellation of options and warrants	-	-	(11,512)	-	11,512	-	-
Private placement - units issued	6,666,667	200,000	-	200,000	-	-	400,000
Share issue costs	-	(32,000)	-	-	-	-	(32,000)
Comprehensive loss	-	-	-	-	-	(346,020)	(346,020)
September 30, 2020	72,764,452	\$ 30,407,021	\$ 367,078	\$ 380,266	\$ 6,737,402	\$ (34,619,922)	\$ 3,271,845
Warrants exercised	2,500,000	125,000	-	-	-	-	125,000
Re-allocated on exercise of warrants	-	16,621	-	(16,621)	-	-	-
Re-allocated on expiry or cancellation of options and warrants	-	-	-	(13,500)	13,500	-	-
Private placement - units issued	3,333,333	140,261	-	59,739	-	-	200,000
Share issue costs	-	(64,855)	48,855	-	-	-	(16,000)
Stock-based compensation	-	-	134,614	-	-	-	134,614
Comprehensive loss	-	-	-	-	-	(282,002)	(282,002)
December 31, 2020	78,597,785	\$ 30,624,048	\$ 550,547	\$ 409,884	\$ 6,750,902	\$ (34,901,924)	\$ 3,433,457
Warrants exercised	10,584,332	525,483	-	-	-	-	525,483
Re-allocated on exercise of warrants	-	154,423	-	(154,423)	-	-	-
Options exercised	381,667	48,500	-	-	-	-	48,500
Re-allocated on exercise of options	-	46,152	(46,152)	-	-	-	-
Re-allocated on expiry or cancellation of options and warrants	-	-	-	(4,380)	4,380	-	-
Private placement - units issued	5,964,000	149,100	-	149,100	-	-	298,200
Share issue costs	-	(2,800)	-	-	-	-	(2,800)
Comprehensive loss	-	-	-	-	-	(380,194)	(380,194)
September 30, 2021	95,679,450	\$ 31,544,906	\$ 504,395	\$ 400,181	\$ 6,755,282	\$ (35,282,118)	\$ 3,922,646

See accompanying notes to the interim financial statements

Gungnir Resources Inc.

Notes to the Financial Statements

For the periods ended September 30, 2021 and 2020

(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.

These Financial Statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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, 2020.

(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.

(c) Significant accounting judgments and estimates

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. On an

Gungnir Resources Inc.

Notes to the Financial Statements

For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 mineral properties and deferred exploration costs, inputs used in the valuation of the Company's warrants and stock options and income taxes.

- *Valuation of mineral 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.

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19 and the impacts on global commerce have been far-reaching resulting in significant volatility in stock market, commodity and foreign exchange markets and restrictions on conduct of business in many jurisdictions and the global movement of people. Economic developments continue to be dynamic surrounding COVID-19 and it is not possible to reliably estimate the length and severity of any developments and their impact on the Company's financial results and operations in future periods.

(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 Financial Statements

For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES *(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 deposits are classified as subsequently measured at amortized cost.

(ii) Financial liabilities

The Company has the following financial liabilities: 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. Accounts payable and accrued liabilities are classified as subsequently measured at amortized cost.

(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.

(g) Exploration and evaluation assets

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.

Gungnir Resources Inc.

Notes to the Financial Statements

For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 September 30, 2021, the Company had cash and cash equivalents of \$1,370,066 (2020- \$1,247,494).

(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 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

Gungnir Resources Inc.

Notes to the Financial Statements

For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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 September 30, 2021, the Company does not have any asset retirement obligations.

Gungnir Resources Inc.

Notes to the Financial Statements

For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(q) Overview of Changes in IFRS

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Report – Phase 2

On January 1, 2021 the Company adopted the IASB issued amendments to IFRS 9, *Financial Instruments* (IFRS 9), IAS 39, *Financial Instruments: Recognition and Measurements* (IAS 39), IFRS 7, *Financial Instruments: Disclosures* (IFRS 7), IFRS 4, *Insurance Contracts* (IFRS 4), and IFRS 16, *Leases* (IFRS 16).

The amendments address issues arising during reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The adoption of these amendments did not have a material impact on the Company's financial statements.

Gungnir Resources Inc.

Notes to the Financial Statements

For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

Unaudited – Prepared by Management

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Future accounting pronouncements

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

In May 2020 the IASB issued amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use which is effective for annual period beginning after January 1, 2022. 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.

3. CASH AND CASH EQUIVALENTS

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

	September 30, 2021	December 31, 2020
Cash bank accounts	\$ 1,370,066	\$ 1,247,494
Term deposits	11,550	11,550
	\$ 1,381,616	\$ 1,259,044

The Company estimates that the fair value of cash, cash equivalents and term deposits approximate the carrying values as of September 30, 2021 and 2020. 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:

	September 30, 2021	December 31, 2020
GST receivable and deposit receivable	\$ 3,617	\$ 10,850
VAT receivable	21,437	1,004
Advance receivable	1,000	157
Prepaid	29,920	29,920
	\$ 55,974	\$ 41,931

5. RECLAMATION BONDS

The Company has reclamation bonds outstanding totalling a principal amount of \$36,359 (2020 - \$38,359) 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 Financial Statements

For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

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6. EXPLORATION AND EVALUATION PROPERTIES

Exploration and Evaluation Properties	December 31, 2020	Exploration and evaluation	Impairment	Loss on sale of property	Recoveries	September 30, 2021
Gungnir Swedish Properties	2,117,439	357,450	-	-	-	2,474,889
	2,117,439	357,450	-	-	-	2,474,889

Exploration and Evaluation Properties	December 31, 2019	Exploration and evaluation	Impairment	Loss on sale of property	Recoveries	December 31, 2020
Gungnir Swedish Properties	1,775,747	341,692	-	-	-	2,117,439
	1,775,747	341,692	-	-	-	2,117,439

Gungnir Resources Inc.

Notes to Financial Statements

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(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 and 600 licenses, expanding the project to nearly 50 sq. km. Currently, key licenses comprising the Knaften project are valid from 2022 to 2024.

During the period ended September 30, 2021, the Company incurred exploration expenditures of \$225,013 (2020 - \$226,922) on the Knaften property.

The Company’s Swedish property interests are referred to collectively as the “Gungnir Swedish Properties.”

(b) Rormyrberget-Lappvattnet, Sweden

On February 24, 2015, the Company announced that it had staked two properties located in the Vasterbotten District of northern Sweden. The Rormyrberget and Lappvattnet properties are located east of the Company’s Knaften-Nordanas property. The properties are held 100% by Gungnir under two separate permits covering an area of 471.3 hectares. The Company has recently received extensions to both licenses covering both deposits to 2026 from Sweden’s Inspector of Mines.

During the period ended September 30, 2021, the Company incurred exploration expenditures of \$114,504 (2020– \$59,715) on the Lappvattnet property and \$17,933 (2020 - \$47,970) on the Rormyrberget property.

(c) Norrbotten, Sweden

In 2018, the Company staked five new exploration licenses in northern Sweden totaling 35 sq. km located approximately 200 km north of the Company’s Knaften project. All but one license has been relinquished to allow the Company to focus its efforts at Knaften, Lappvattnet and Rormyrberget. During the period ended September 30, 2021, the Company incurred exploration expenditures of \$nil (2020 - \$7,085) on the Norrbotten property.

7. SHARE CAPITAL

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

On September 10, 2021, the Company completed a private placement for 5,964,000 units at a price of \$0.05 per unit, for gross proceeds of \$298,200. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire an additional common share of the Company at \$0.08 for 24 months. The warrants were ascribed an aggregate fair value of \$140,100 under the Black-Scholes valuation model, with the residual being allocated to share capital. The Company incurred finder’s fees of \$2,800.

On September 24, 2021 the Company issued 10,157,666 common shares, respectively, pursuant to the exercise of warrants at \$0.05 per share (9,717,666) and \$0.09 per share (440,000), for gross proceeds of \$525,483. \$154,423 previously recognized in warrants reserve was reclassified to Share capital on the exercise of the warrants.

Gungnir Resources Inc.
Notes to Financial Statements
For the periods ended September 30, 2021 and 2020

(expressed in Canadian dollars)

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7. SHARE CAPITAL (continued)

On September 24, 2021 the Company issued 808,333 common shares, respectively, pursuant to the exercise of options at \$0.06 per share, for gross proceeds of 48500. \$46,152 previously recognized in warrants reserve was reclassified to Share capital on the exercise of the warrants.

At September 30, 2021 there are 95,659,450 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.

The following table summarizes information about the stock options for periods ended September 30, 2021 and December 31, 2020:

	September 30, 2021			December 31, 2020		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Options outstanding, beginning of year	8,350,000	\$	0.08	6,350,000	\$	0.07
Granted	-		-	3,200,000		0.09
Exercised	(808,333)		0.08	(1,200,000)		0.05
Expired/Cancelled	-		-			
Options outstanding, end of period	7,541,667	\$	0.09	8,350,000	\$	0.08
				2021		2020
Options exercisable, end of period				7,541,667		8,350,000
Weighted average contractual remaining life (years)				2.20		2.87

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7. SHARE CAPITAL (continued)

Summary of stock options outstanding at September 30, 2021:

Number outstanding	Exercise price (\$)	Expiry date
2,075,000	0.06	October 3, 2021
800,000	0.05	January 20, 2022
266,667	0.06	October 2, 2023
2,000,000	0.11	September 11, 2024
2,400,000	0.10	November 18, 2025
7,541,667		

Share-based compensation of \$nil was incurred during 2021 (2020 - \$134,614).

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 (2020 - \$nil), average risk-free interest rate of 0.44% (2020 – 0.44%), expected life of 5 years (2020 – 5 years), stock price of \$0.10 (2020 - \$0.10) and an expected volatility of 123% (2020 – 123%).

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.

Warrants

The following table summarizes information about the warrants for periods ended September 30, 2021 and December 31, 2020:

	September 30, 2021			December 31, 2020		
	Warrants	Weighted average exercise price		Warrants	Weighted average exercise price	
Beginning of year	19,851,000	\$	0.07	15,351,000	\$	0.05
Granted	5,964,000		0.08	10,000,000		0.09
Exercised	(10,050,999)		0.05	(2,500,000)		0.05
Expired/Cancelled	(133,334)		0.05	(3,000,000)		0.05
Warrants outstanding, end of period	15,630,667	\$	0.09	19,851,000	\$	0.07
				2021		2020
Weighted average contractual remaining life (years)				0.80		1.29

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7. SHARE CAPITAL (continued)

Summary of warrants outstanding at September 30, 2021:

Number outstanding	Exercise price (\$)	Expiry date
6,333,334	0.09	September 24, 2023
3,333,333	0.09	October 1, 2023
5,964,000	0.08	September 10, 2023
15,630,667		

Contributed surplus

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

	Options	Warrants	Total
December 31, 2020	\$ 3,692,293	\$ 3,058,609	\$ 6,750,902
Options and warrants expired	-	4,380	4,380
September 30, 2021	\$ 3,692,293	\$ 3,062,989	\$ 6,755,282

Loss per Share

Periods ended	September 30, 2021	December 31, 2020
Numerator: Net income (loss) attributable to common shareholders – basic and diluted	\$ (380,194)	\$ (628,022)
Denominator: Weighted average number of common shares outstanding – basic and diluted	78,957,951	69,184,543
Basic and diluted earnings (loss) per share	\$ (0.00)	\$ (0.01)

Diluted earnings (loss) per share did not include the effect of 7,541,667 (2020 – 8,350,000) share purchase options and 15,630,667 (2020 – 19,851,000) 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.

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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, term deposits, GST receivable and reclamation bonds. As at September 30, 2021 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 September 30, 2021.

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.

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10. EXPENSES

The Company's expenses from operations for the periods ended September 30, 2021 and 2020 are detailed as follows:

General and administration		2021		2020
Shareholder and regulatory	\$	65,330	\$	59,806
Travel and promotion		320		404
Office		26,208		24,599
General exploration		2,000		-
	\$	95,858	\$	84,808

Compensation	Note	2021		2020
Consulting fees and wages		\$ 269,724	\$	269,273
Stock-based compensation	7	-		-
		\$ 269,724	\$	269,273

Professional fees		2021		2020
Accounting fees	\$	3,488	\$	2,738
Legal fees		3,449		160
	\$	6,937	\$	2,898

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.

Salaries paid to key management personnel for the periods ended September 30, 2021 total \$238,750 (2020 - \$351,489). Stock-based compensation paid to key management personnel and directors for the period ended September 30, 2021 totalled \$nil (2020 - \$nil). Key management personnel are comprised of the Company's Chief Executive Officer and Chief Financial Officer.

At September 30, 2021, accounts payable and accrued liabilities include \$5,000 (2020 - \$7,500) due to directors and organizations controlled by directors.

12. SEGMENTED INFORMATION

At September 30, 2021 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
September 30, 2021	\$	-	\$ 2,474,889
December 31, 2020	\$	-	\$ 2,117,439

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13. SUBSEQUENT EVENTS

Prior to October 3, 2021 the balance of the 2,075,000 options at \$0.06 was exercised/expired leaving Nil outstanding.