

# GUNGNIR

**Gungnir Resources Inc.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**For the Three and Six Months ended June 30, 2023**

**DATED July 14, 2023**

### **Introduction and Overview**

Gungnir is a junior mineral exploration company listed on the TSX Venture Exchange as a Tier 2 company under the trading symbol “GUG”. The Company is also inter-listed in the United States as “ASWRF.PK”. The Company is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario, Quebec and Nova Scotia.

Gungnir is in the business of the acquisition, evaluation and exploration of mineral properties with the primary aim of advancing them to a stage where they can be exploited at a profit, or offered for sale or option. We do not currently have any producing mineral properties and our current operations on our various properties are exploratory searches for mineable mineral deposits. Gungnir’s corporate strategy is to focus on exploration in mining-friendly Sweden with the goal of discovery of high-quality gold and base metal deposits. The Company also continues to evaluate other opportunities as they arise.

This MD&A is dated July 14, 2023 and discloses specified information up to that date. Gungnir is classified as a “Venture Issuer” for the purposes of National Instrument 51-102. Our financial statements are prepared in accordance with International Financial Reporting Standards in Canada (“IFRS”) and are expressed in Canadian dollars. This discussion and analysis should be read in conjunction with the annual audited financial statements for the year ended December 31, 2022 and related notes attached thereto (the “2022 Financial Statements”). Throughout this report we refer from time to time to “Gungnir”, the “Company”, “we”, “us”, “our”, or “its”. All these terms are used in respect of Gungnir Resources Inc. which is the reporting issuer in this document.

*We recommend that readers consult the “Cautionary Statement” at the end of this report, as well the section on risks and uncertainties.*

### **Cautionary Statement**

#### **Forward-Looking Information**

This interim management discussion and analysis (“Interim MD&A”) contains forward-looking statements and information relating to Gungnir Resources Inc. (“Gungnir” or the “Company”) that are based on the beliefs of its management as well as assumptions made by and information currently available to Gungnir. When used in this document, the words “anticipate”, “believe”, “estimate”, and “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This Interim MD&A contains forward-looking statements relating to, among other things, regulatory compliance, environmental matters, changes in legislation or regulations, receipt of required licenses, permits and approvals, the sufficiency of current working

capital, the estimated cost and availability of funding for the continued exploration and development of Gungnir's exploration properties. Many factors could cause the actual results, performance or achievements of Gungnir to be materially different from any future results, performance or achievements whether expressed or implied by such forward-looking statements. Important factors are identified in this Interim MD&A.

## **Covid-19**

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

## **Outlook**

The Company has significantly advanced its exploration efforts in Sweden through 2022 and up to the time of this report, and continues its exploration efforts in Sweden with the primary goal of advancing to a stage where a resource can be defined or advanced and exploited at a profit or offered for sale or option. The Company initiated its seventh year of drilling in Sweden in May of 2023 and the third year of drilling on the Lappvattnet nickel property. Geophysics was completed on the Knaften, Lappvattnet and Rormyrberget properties in 2021 and the first quarter of 2022.

Since commencing drilling in Sweden in 2017, Gungnir has made several new discoveries and announced significant developments including discovery of a potentially sizeable intrusion-related gold system, discovery of a new volcanogenic massive sulphide (VMS) zinc-copper base metal target and discovery of a new copper-nickel target, all located on the Knaften project. All targets are open for expansion and further discovery. The Company's focus at Knaften is on its intrusion-related gold target, in particular new, undrilled IP (induced polarization) anomalies in the recently acquired southern extension of the property. The Company also acquired the Hemberget property located approximately 6 km north of Gungnir's Knaften project. All projects are located within the Vasterbotten region of northern Sweden which hosts the prolific Skellefte VMS-gold belt, "Gold Line" and "Nickel Line".

East of Knaften, the Company upgraded its two nickel-copper-cobalt deposits, Lappvattnet and Rormyrberget, to current resources in 2020. The two separate deposits contain 177 million pounds of nickel in inferred resources\* based on NI43-101 resource estimates commissioned by Gungnir in 2020. The Company's first phase drill program in 2021 at Lappvattnet produced consistent strong assay results and as a result drilling at Lappvattnet is continuing and planned to be the focus for 2023.

\*Gungnir Resources Inc. filed on SEDAR "The National Instrument 43-101 technical report entitled "Technical Report on the Lappvattnet and Rormyrberget Deposits, Northern Sweden" was prepared by Reddick Consulting Inc. Qualified persons are John Reddick, MSc, P.Geo, and Thomas Lindholm, MSc, fellow AusIMM. The effective date is Nov. 17, 2020.

In March 2022, the Company entered into a royalty option agreement with Altius Royalty Corporation ('Altius') 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"). Altius may exercise its Lappvattnet and Rormyrberget Option by paying the Company, at any time while it maintains its interest in these properties, \$8 million, at which point the Company and Altius will enter into a royalty agreement for a 2.0% gross sales royalty in perpetuity. Altius may exercise its Knaften Option by paying the Company, at any time while it maintains its interest in the property, \$2 million at which point the Company and Altius will enter into a royalty agreement for a 1.0% gross sales royalty in perpetuity.

On March 25, 2022, Altius paid the Company \$250,000 described above, which was applied against the deferred costs applicable to each of its property interests as follows:

- Knaften property – 33.33% or \$83,325
- Lappvattnet property – 53.34% or \$133,340, and
- Rormyrberget property – 13.33% or \$33,345

### **Lappvattnet & Rormyrberget**

Continued drilling on the Lappvattnet began in early May of 2023 with the goal of further upgrading and expanding the existing resource, focused on defining further high-grade nickel shoots. At Rormyrberget potential remains to improve nickel grades with assaying of un-sampled drill core within the resource and to expand higher-grade zones including 2.33% nickel over 12.50 metres.

### **Knaften**

The Company continues to demonstrate continuity of gold-bearing zones which extend more than 400 metres down-dip at the Knaften 300 Gold Zone (“Knaften 300”). With growing indications of a sizeable mineralized system, the Company also importantly tied-up key adjoining permits (nr 500 and nr 600) to cover the entire 4 x 5 km quartz diorite intrusion which hosts Knaften 300 along its northern edge. Gungnir now controls 4,887 hectares (or nearly 50 sq. km), expanding the size of the Knaften property by over 75% and significantly increasing the potential of Gungnir’s Knaften intrusion-hosted gold target.

The new IP (Induced Polarization) anomalies identified in 2021 in the southern part of the intrusion are future drill targets at Knaften (see map page 7). This area has not seen any previous exploration.

### **Hemberget**

The Company added the Hemberget Property to its package of polymetallic projects in northern Sweden during the first quarter of 2022. 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.

The Hemberget area has been on our radar for a few years now after new copper-nickel and VMS discoveries on the Knaften project, which was previously regarded as a gold-only area. The striking feature of the Hemberget permit is an impressive, 11-km long magnetic anomaly which maps out a gabbro-ultramafic intrusion similar to much smaller bodies on the Knaften project that we now know are copper-nickel mineralized. In addition to potential copper-nickel mineralization, the property covers some text-book VMS geology which adds further potential at Hemberget.

The Company has partially completed wide-spaced electromagnetic (EM) geophysics (results pending) at Hemberget and is currently evaluating government airborne geophysical data with the goal of targeting shallow conductors potentially related to copper-nickel sulphide mineralization within a large, layered mafic- ultramafic intrusion. Similar, but much smaller intrusions, located to the south on the Company’s Knaften project, host copper-nickel mineralization which was earlier discovered by Gungnir.

### **Exploration 2023**

#### **Lappvattnet High-Grade Nickel Project**

- Drilling continues in 2023 to focus on upgrading and potentially expanding the Lappvattnet high-grade nickel deposit with present drill holes targeting the eastern half of the deposit and areas below the current resource
- 1,115 metres in five holes have been drilled so far in 2023 (to date Gungnir has drilled 6,550 metres in fifty holes)
- 122 samples have been tagged for assay and will be shipped to the lab for prep work

## **Hemberget Project**

- Targeting potential copper-nickel sulphide mineralization associated with an 11 km-long, layered mafic (gabbro) - ultramafic intrusion (1.86 Ga)
- New conductors identified in the western part of the property from a partially completed ground electromagnetic (EM) geophysical survey (Gungnir spring 2023)
- Regional prospecting by the Company confirms outcropping and boulders of mafic intrusive rocks as well as a wide, sulphide-bearing unit which could provide ideal conditions to precipitate copper/nickel
- Copper/nickel mineralization discovered in a much smaller gabbro intrusion on nearby Knaften project (Gungnir 2017 discovery)
- Drill permits are being finalized

Drilling commenced in early May of 2023 at the Company's Lappvattnet high-grade nickel project in northern Sweden. Drilling will continue to focus on upgrading and potentially expanding the Lappvattnet nickel deposit, specifically targeting: (a) the eastern, shallow down-plunge extension of the main nickel zone; (b) additional, thickened high-grade nickel shoots within the eastern half of the existing inferred resource; and (c) grade and continuity of the newly discovered footwall zone.

In 2022, the Company drilled 30 holes for a total of 4,240 metres and 15 holes for 1,300 metres in 2021. The 45 holes were drilled in the western half of the property covering a strike length of 450 metres with nickel intercept points (main nickel zone) to a vertical depth of about 100 metres.

The current two-year drill permit at Lappvattnet is valid to the end of this year with further drilling possible with a new work plan submission. The total amount of drill metres in 2023 will be based on continuing positive results and access to planned drill sites.

The bulk of the Company's 2023 exploration program is planned to be devoted to drilling at the Lappvattnet nickel project with up to 10,000 metres approved by Swedish authorities to the end of 2023. The total amount of drill metres will be determined based on continuing positive results. In 2022, the Company drilled 30 holes for a total of 4,240 metres with the goal of upgrading and expanding the existing resource, focused on defining further high-grade nickel shoots, as well as initial scout drilling north of Lappvattnet. A total of 1,300 metres was drilled in 2021. The Company also plans to review new geophysical results from Hemberget to potentially prioritize drilling. The Company has sufficient funds in place through the private placement completed in March 2022 to continue its planned drilling through 2023.

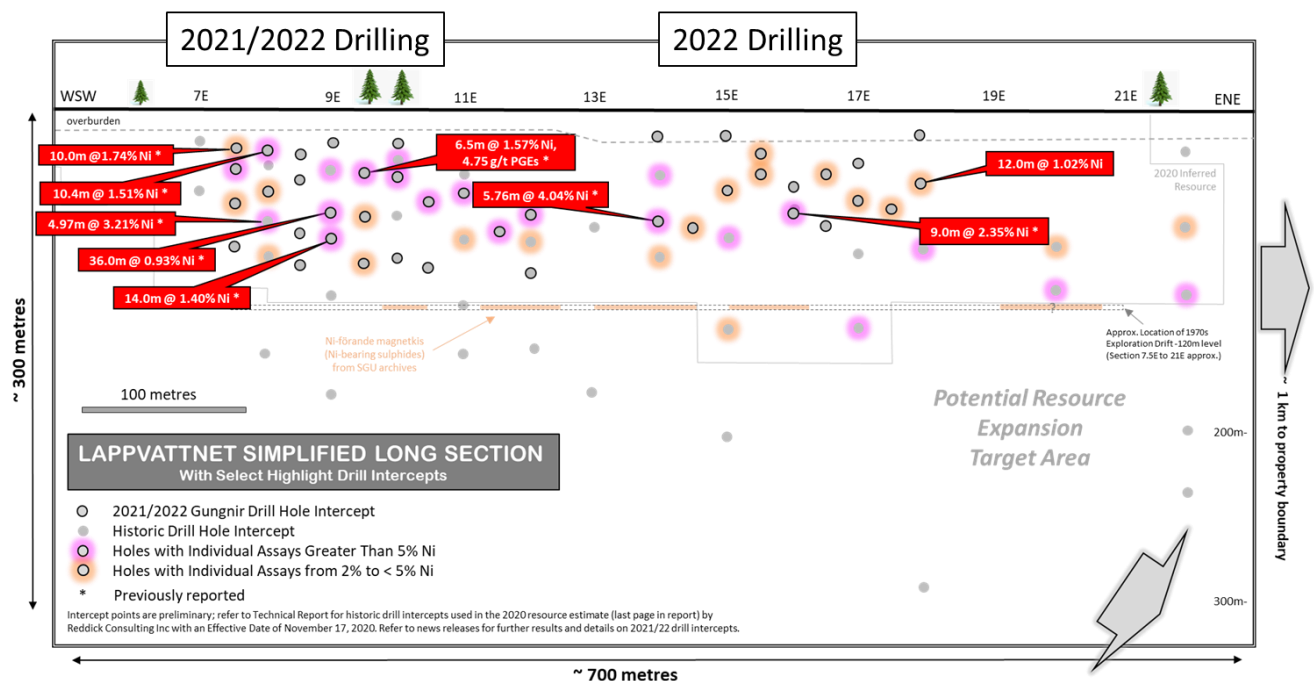
## **Results of Operations To-Date**

The goal at both nickel deposits is to upgrade the current resources. At Lappvattnet, drilling commenced in the western part of the deposit in 2021 and produced numerous near-surface, high-grade nickel and wide zones of nickel mineralization through 2022. Highlights are:

- 3.19% Nickel over 4.25 metres within a 10.4-metre interval grading 1.51% Nickel in drill hole LAP21-02 (from 45 metres)
- 2.62% Nickel over 5.65 metres within a 14.0-metre interval grading 1.40% Nickel in drill hole LAP21-05 (from 60 metres)
- 1.74% Nickel over 10.00 metres in drill hole LAP21-13 (from 21 metres)
- 36.00 metres grading 0.93% Nickel in drill hole LAP21-04 (from 49 metres)
- 3.02% Nickel over 5.66 metres within a 9.0-metre interval grading 2.35% Nickel in drill hole LAP22-19 (from 66 metres)
- 4.04% Nickel over 5.76 metres within an 18.28-metre interval grading 1.49% Nickel in drill hole LAP22-25 (from 58 metres)

In January 2023 the Company reported further, near-surface massive sulphide drill intersections at Lappvattnet with the highest-grade nickel intercept drilled to date on the project. Hole LAP22-25 drilled 4.04% Ni over 5.76 metres within a broader interval of 1.49% Ni over 18.28 metres starting at a down-hole depth of 57.72 metres. Hole LAP22-25 was drilled in the central part of the Lappvattnet nickel resource on section 14E splitting a 50-metre gap between historic holes LAP74292 and LAP76008. The hole appears to have drilled into a thickened mineralized zone, possibly a fold hinge similar to LAP22-19 drilled on section 16E (80 metres to the east) which cut 2.35% Ni over 9.0 metres including 3.02% Ni over 5.66 metres starting at a down-hole depth of 66.0 metres. The nickel intercept in LAP22-25 (1.49% Ni over 18.28 metres from 57.72 to 76.0 metres) occurs below a 4-metre jack-straw textured peridotite unit. It consists of an upper disseminated sulphide interval hosted in sedimentary gneisses from 57.72 metres and a lower, high-grade massive and semi-massive sulphide zone (4.04% Ni over 5.76 metres) from 70.0 metres down-hole.

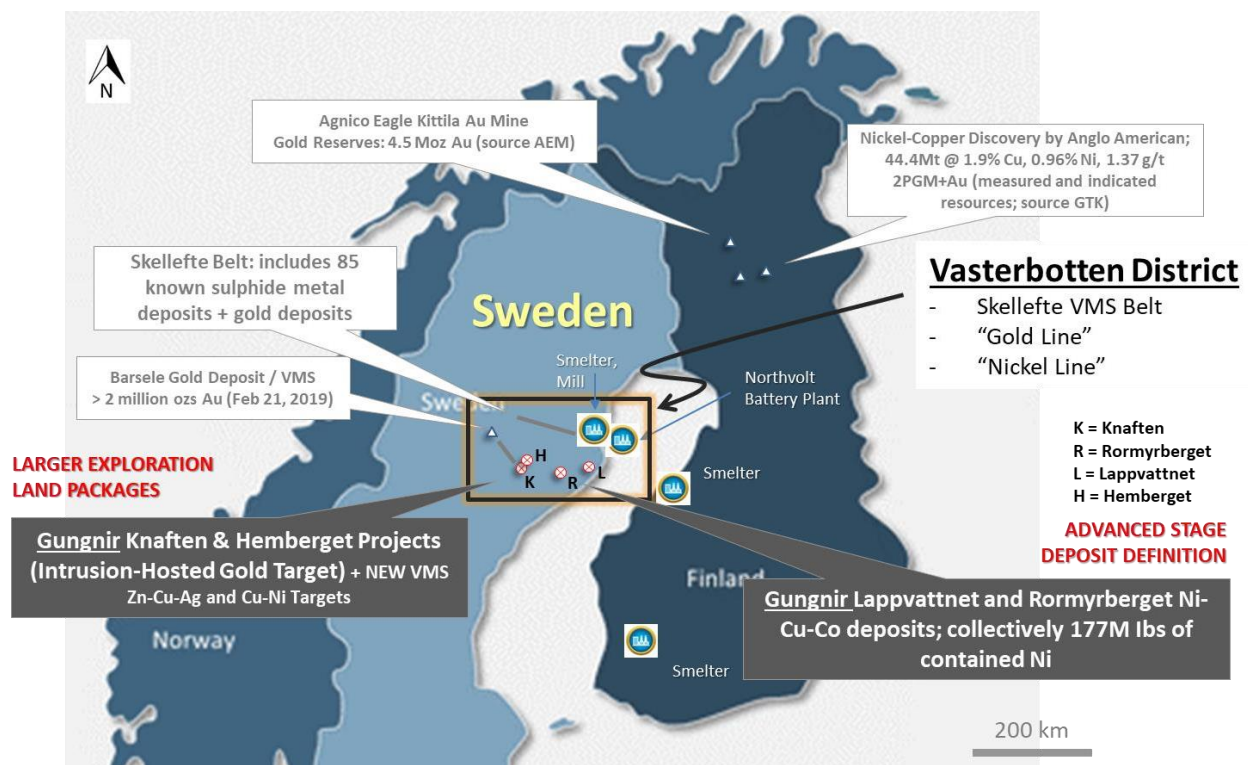
Also, in late January 2023 the Company reported final assay results from the central part of the Lappvattnet nickel deposit. Results include hole LAP22-23, the easternmost hole drilled by Gungnir (section 18E), which drilled 12 metres grading 1.02% Ni at a down-hole depth of 38 metres.



Drill core was logged and tagged for sampling at the Company’s core logging facility in Lycksele then shipped to ALS Minerals’ Core Services Laboratory in Mala. Core was sawed on site in Mala by ALS staff and prepped sample material was sent to ALS’s Lab in Ireland. Core was analyzed for multi-elements using code ME-MS41, CuOG46 analysis for >10000 ppm Cu, NiOG46 analysis for >10000 ppm Ni, and Pt, Pd, and Au were analyzed using fire assay method PGM-ICP27. Blanks, certified standards and duplicates are routinely included in sample batches for quality assurance and control.

**Exploration and Evaluation Properties**

Gungnir’s exploration project areas are located in northern Sweden within the Fennoscandian Shield, a mineral rich but highly underexplored region, which extends into neighboring Finland. The Fennoscandian shield continues to offer excellent ore discovery potential, in particular under glacial till (sand and gravel) which covers large areas. Major mining companies active in the Nordic Region (mining, exploration, and investing) include Boliden, Agnico Eagle, Anglo American, Goldcorp and Kinross. Currently, Gungnir’s key projects are the Lappvattnet and Rormyrberget nickel deposits, and the Knafthen property.



### Lappvattnet and Rormyrberget

The Lappvattnet and Rormyrberget nickel deposits are located along the "Nickel Line" in the eastern part of the Vasterbotten District, 60 km and 100 km respectively east of the Company's Knaften gold exploration project. The deposits are held 100% by Gungnir under two separate permits covering an area of 471.3 hectares. The properties are accessible year-round with good transportation and industrial infrastructure including shipping facilities as there are a number of active mines in the area. Gungnir acquired both deposits in open-staking in 2015. Existing licenses covering both deposits are currently valid to early January 2027.

Nickel resources totally 177 million pounds of nickel for Lappvattnet and Rormyrberget were updated in 2020.

- Lappvattnet: Inferred Resource of 780,000 tonnes grading 1.35% nickel for 23.1 million lbs (10.5 million kg) of nickel.
- Rormyrberget: Inferred Resource of 36,800,000 tonnes grading 0.19% nickel for 154 million lbs (70 million kg) of nickel.

The NI 43-101 Technical Report entitled "TECHNICAL REPORT on the LAPPVATTNET and RORMYRBERGET DEPOSITS, NORTHERN SWEDEN" was prepared by Reddick Consulting Inc. Qualified Persons are John Reddick, M.Sc., P.Geo., and Thomas Lindholm, M.Sc., Fellow AusIMM. The Effective Date is November 17, 2020.

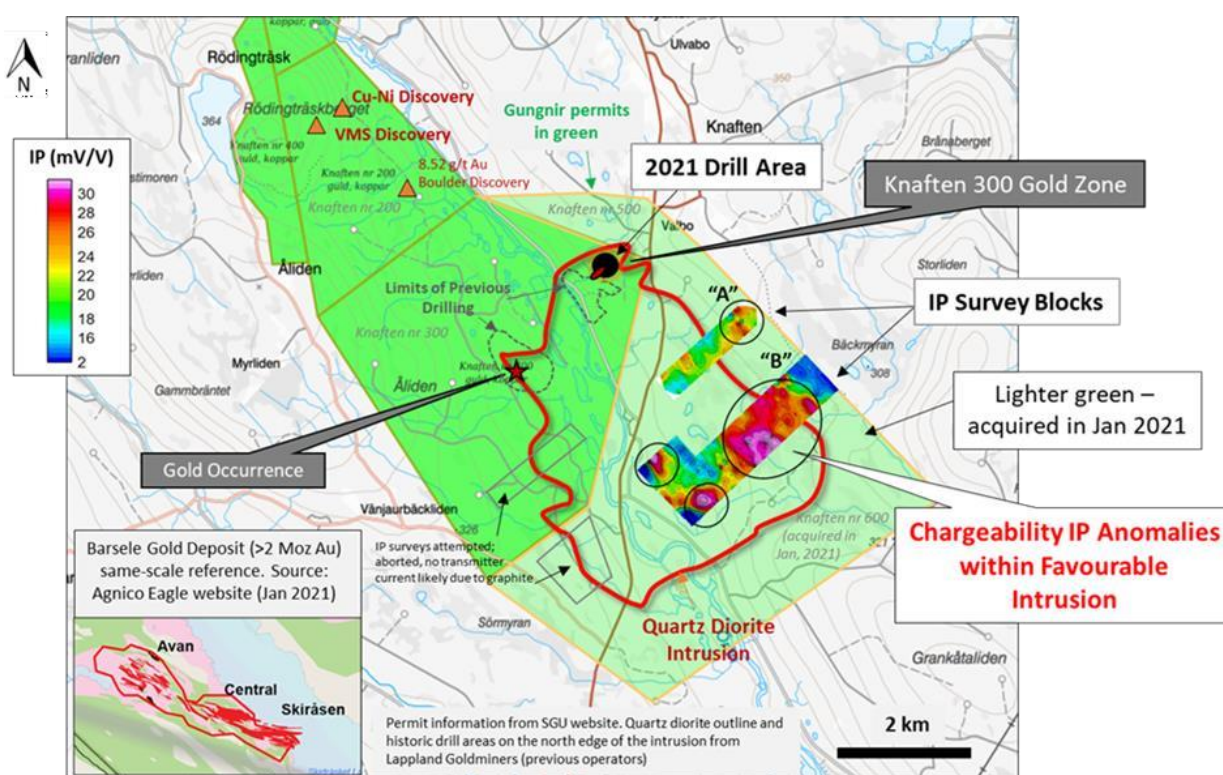
### Knaften Project

The Knaften project is situated at the south end of a regional structure known as the "Gold Line" or Knaften-Barsele Arc located within a prolific VMS region including the Skellefte Belt and VMS belts in Finland. The main gold target is the bedrock source(s) of the large Knaften gold-in-till anomaly ("Knaften anomaly"), one of the largest in Sweden. The bedrock source is believed to be partially identified at Knaften 300, but based on the sheer size of the Knaften anomaly it is reasonable to expect more gold to be found in situ. Other gold-in-till anomalies in the region are over either current and past-producing gold mines or known gold resources. Sizeable intrusive-hosted gold

deposits in the region include Barsele with more than 2 million ounces of gold (1) which is located along the same structural trend known as the Gold Line and also covers one of the sizeable gold-in-till anomalies.

Successful exploration by the Company since 2017 has resulted in new target discoveries including two new base metal targets (Rodingtrask VMS zinc-copper and a magmatic copper-nickel target) adding significant up-side to the previously gold-only Knaften project. Further in 2019, 2020 and 2021 Gungnir identified stacked gold mineralization at Knaften 300 including discovery of a new lower zone with high-grade gold (up to 59.60 g/t Au). All three targets on Knaften are wide-open for expansion and further discovery.

In 2021 the Company staked additional claims to the Knaften property to cover the entire prospective intrusion (4 x 5 km) which hosts the Knaften 300 Gold Zone along its northern edge. The expanded Knaften gold project comprises 4,887 hectares (or nearly 50 sq. km) and significantly adds to the potential of Gungnir's Knaften intrusion-hosted gold target. Further in 2021, the Company initiated an IP (induced polarization) geophysical survey over portions of the newly acquired ground (Knaften nr 600) resulting in identification of significant IP anomalies; the strongest IP anomalies in the survey (up to 40 mV/V) are the first-priority targets (see map below).



Notes: (1) Barsele Minerals, February 21, 2019 Technical Report. Combined Pit and Underground Resources: Indicated 324,000 ozs Au @ 1.81 g/t Au + Inferred 2,086,000 ozs Au @ 2.54 g/t Au (based on 349 drill holes).

### **Additional Knaften Project Targets**

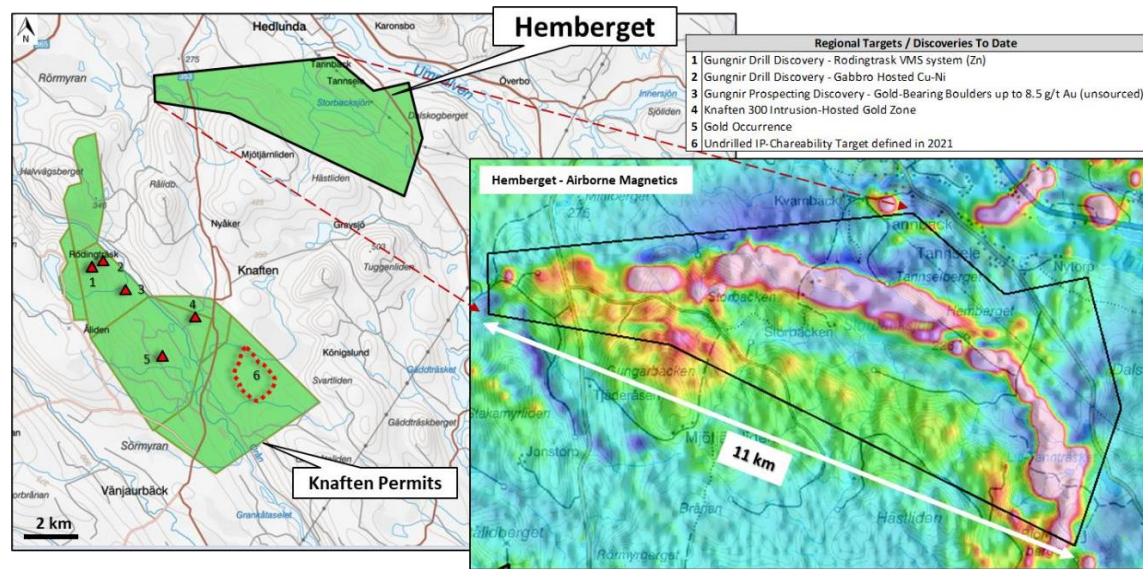
Rodingtrask is a new VMS target discovery outside traditional Skellefte belt in northern Sweden with similar age to older VMS deposits in Finland. 2018 drilling encountered widespread metal-enrichment (Zn, Cu, Ag) in core lengths > 100 metres in host conglomerate (see NR's Aug/Oct/Nov 2018). To date, only 10 holes have tested this target area, all into the edges or halo of a large hydrothermal VMS system. So far mineralization, alteration and marker horizon defined over a strike length of 200 metres. Known mineralization is centered on a magnetic high anomaly; several similar magnetic highs clustered on >10 km trend. The current working model is a mafic volcanic-sedimentary VMS setting. The goal is to locate the core of it targeting potential higher-grade massive sulphide mineralization.

Copper-nickel mineralization on Knaften was discovered by Gungnir in 2017, with a second hole drilled near-by in 2018 cutting a core length of magmatic sulphides assaying 0.38% CuEq over 14.4m. Near-surface intersections are located 400 metres east of the Rodingtrask target. Mineralization consists of disseminated, blebby, patchy and erratically banded pyrrhotite with lesser chalcopyrite. Host rock is gabbro including vari- and orbicular textures which are documented textural styles closely associated with potential massive sulphide accumulations. There is ample blue-sky potential on this target as well with only 2 holes into the mineralized system.

### **Hemberget Property**

Hemberget is located approximately 6 km north of Gungnir’s Knaften project within the broader Gold Line along with Knaften and the Company’s two nickel deposit, Lappvattnet and Rormyrberget. It occurs in the northern part of the Knaften greenstone belt, covering a thick package of dacite and rhyolite volcanics, including fragmentals, alongside mafic pillow lavas, straddling the large magnetic anomaly which corresponds to the “Hemberget” gabbro-ultramafic intrusion.

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.



### **General**

The Company’s properties consist of both early-stage grassroots projects and projects with current resources. There has been insufficient exploration on its early-stage properties to define mineral resource and it is uncertain if further exploration will result in any such targets being delineated as mineral resources. The properties with current resources are categorized as inferred resources and it is uncertain if further work will be able to advance these resources to indicated resources. In 2020 the Company completed and filed an updated National Instrument 43-101 (“NI 43-101”) Technical Report on the current nickel-copper-cobalt resources at its Lappvattnet and Rormyrberget deposits.

### **Quality Control and Quality Assurance Procedure**

During exploration programs all data is evaluated by Gungnir’s geologists and contractors, and also by its Qualified Person, to ensure that the data is reliable and accurate, based on the analysis of the blanks, standards and duplicate samples. The information in this MD&A was prepared under the direction of Mr. Jari Paakki, P. Geo, CEO of the Company, a Qualified Person as defined by NI 43-101.



## Exploration and Evaluation Properties as at June 30, 2023:

Exploration and Evaluation Properties	December 31, 2022	Exploration and evaluation	Impairment	Loss on sale of property	Option proceeds	Recoveries	June 30, 2023
Knaften Property	2,155,437	6,448	-	-	-	-	2,161,886
Rormyrberget Property	48,736	-	-	-	-	-	48,736
Lappvattnet Property	944,821	174,714	-	-	-	-	1,119,536
Hemberget Property	10,311	14,557	-	-	-	-	24,868
	<b>3,159,305</b>	<b>195,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,355,026</b>

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### Selected Annual Information

The following table summarizes selected financial data for Gungnir for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards, and related notes.

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Total revenues	NIL	NIL	NIL
Operating expenses	960,708	878,425	637,498
Write-down of exploration and evaluation properties	-	9,476	-
Stock-based compensation	262,395	362,639	134,614
Comprehensive income (loss) for the year	(962,995)	(900,271)	(628,022)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)	(0.01)

Total Assets	5,737,063	3,936,241	3,457,727
Total long-term liabilities	NIL	NIL	Nil
Cash dividends declared	NIL	NIL	Nil

## Results of Operations

For the years ended December 31,	2022	2021	2020
<b>Operating Expenses</b>			
General and administration	141,154	123,739	107,913
Compensation	732,716	719,480	491,010
Professional fees	86,838	35,206	38,575
<b>Loss from operations</b>	<b>960,708</b>	<b>878,425</b>	<b>637,498</b>
<b>Other items</b>			
Interest income	8,223	114	15,830
Foreign exchange	(10,510)	(12,484)	(6,354)
Write-down of exploration and evaluation properties	-	(9,476)	-
<b>Comprehensive income (loss)</b>	<b>(962,995)</b>	<b>(900,271)</b>	<b>(628,022)</b>

## Summary of Quarterly Results – Loss from Operations

The following table sets out selected quarterly financial information of Gungnir. Gungnir' interim financial statements are prepared by management, in accordance with International Financial Reporting Standards and expressed in Canadian dollars.

	June 31 2023 \$	Mar. 31 2023 \$	Dec. 31 2022 \$	Sept. 30 2022 \$	June 30 2022 \$	Mar. 31 2022 \$	Dec. 31, 2021 \$	Sept. 30 2021 \$
E&E Properties	3,355,026	3,193,948	3,159,305	3,117,873	2,858,901	2,673,178	2,660,268	2,474,889
Working Capital	1,935,174	2,232,835	2,468,289	2,934,062	3,365,175	3,783,149	1,178,373	1,399,951
Net Income (loss)	(140,652)	(258,569)	(689,659)	(173,842)	(218,459)	118,965	(520,077)	(147,035)
Earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

## Discussion

The operating results of junior exploration companies typically demonstrate wide variations from quarter to quarter and year to year. These variances are attributed to changes in stock-based compensation, exploration costs expensed or written down, professional and consulting fees related to financings and property exploration and evaluation and reporting, transfer and filing fees which are attributed to financings and annual filings, shareholder information and general office expenses. Large billings received from completion of an exploration program can also affect any given period depending upon the timing of the billing.

Any significant changes during the current reporting period or to the year ended 2021 audited financial statements can be attributed to whether the Company completed any equity financings within the year or the volume of exploration and development activities on its properties.

For the Periods Ended June 30,	Note	2023 3 months	2022 3 months	2023 6 months	2022 6 months
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<b>Operating expenses</b>							
General and administration	10	\$	9,936	40,304	\$	77,668	76,938
Compensation	10		125,963	127,848		317,636	221,200
Professional fees	10		2,037	46,215		3,073	47,398
			(137,936)	(214,366)		(398,377)	(345,536)
<b>Other items</b>							
Interest income			3,267	2,897		5,569	2,921
Foreign exchange			(5,983)	(6,990)		(6,413)	(4,879)
<b>Net loss and comprehensive loss</b>		\$	(140,652)	(218,460)	\$	(399,221)	(347,494)
Weighted average number of shares outstanding			119,626,104	98,799,548		119,626,104	98,799,548
<b>Basic and diluted earnings (loss) per share</b>		\$	(0,00)	(0,00)	\$	(0.00)	(0.00)

### 3 Month Period ended June 30, 2023/2022

During the 3 months in the second quarter of 2023, Gungnir sustained a loss from operations of \$140,652 (Q2-2022 - \$218,459), the largest contributor to the increase in Q2-2022 being legal fees of \$44,115 from the private placement and Royalty agreement with Altius; compared to legal fees of \$187 in Q2-2023. Previous quarters for 2023 and 2022 have expenses incurred throughout the years that are fairly well balanced from quarter to quarter when excluding non-cash based charges and any impairment to the Company's properties.

General administrative costs in the second quarter of 2023 of \$9,936 were lower when compared to the same period in 2022 of \$40,304. Factors are Shareholder and Regulatory fees of \$6,575 in Q2-2023 compared to \$35,145 in Q2-2021. Investor Relations fees during Q2-2023 were \$4,593 and \$7,262 in Q2-2022 while Filing fees were \$22,678 in Q2-2022 due to the private placement paid in this period.; filing fees in Q2-2023 were \$Nil.

Professional fees were lower in Q2-2023 at \$2,037 compared to \$46,215 in Q2-2022 again due to increased legal fees related to the financing and Altius royalty. Accounting fees were \$1,850 and \$2,100 for Q2-2023 and Q2-2022 respectively. Transfer agent fee were \$1,982 and \$5,205 in Q2-2023/2022. Interest income for Q2-2023 was \$3,267 and \$2,897 in Q2-2022 and Foreign exchange for the 3 month period was \$5,983 and \$6,991 for Q2-2023 and Q2-2022 respectively. Travel and Promotional expenses were \$Nil in Q2-2023 and \$240 in Q2-2022.

Compensation relatively unchanged in Q2-2023 at \$125,963 compared to \$127,848 in Q2-2022. Stock based Compensation recorded for both reporting quarters was \$Nil. Office expenses were \$4,918 and \$3,296 for the second quarter of 2023 and 2022 respectively. Interest and bank charges for Q2-2023 were \$648 and \$1,300 at Q2-2022.

## **6 Month Period ended June 30, 2023/2022**

During the six months ended June 30, 2023 the Company recorded \$77,667 in G&A while \$76,938 was recorded as at June 30, 2022. Shareholder and Regulatory fees for the six months ended June 30, 2023 compared evenly at \$66,230 to \$67,910 for the same period in 2022. Compensation totaled \$259,453 at June 30, 2023 and \$221,200 for the first half of 2022. Stock-based compensation in the first half of 2023 was \$58,183 and \$Nil for 2022.

Filing fees for end of Q2-2023 were \$11,593 compared to \$29,528 at end of Q2-2022. Foreign exchange for the half year 2023 was \$6,413 compared to \$4,879 in 2022. Professional fees were \$3,073 at end of Q2-2023 and \$47,398 at June 30, 2022; the increase in 2022 due to Legal fees incurred of \$44,898 compared to \$823 in the first half of 2023. Business travel and promotion was \$3,752 and \$240 at June 30, 2023 and 2022 respectively.

Interest and bank charges Q2-2023 were \$1,216 and \$1,833 to end of Q2-2022. Total expenses for the 6 months ended June 30, 2023 were \$404,790 compared to \$350,415 at June 30, 2022, with the stock-based compensation charge in 2023 resulting in the difference.

## **Liquidity**

Gungnir does not currently have any producing mineral properties and our current operations on our various properties in Sweden are exploratory searches for mineable mineral deposits.

Successful drill programs over the last four years at Knaften resulted in new gold and base metal target discoveries; the Rodingtrask VMS, a Cu-Ni target located only 400 metres to the east plus the recent drill success on the Knaften 300 gold zone this year. These targets add significant up-side to the Knaften project, and now the Company has numerous opportunities at deposit discovery by way of multiple targets and metals. All three targets on Knaften are wide-open for expansion and further discovery.

East of Knaften, in 2020 the Company upgraded its two nickel-copper-cobalt deposits, Lappvattnet and Rormyrberget, to current resources. The two separate deposits contain 177 million pounds of nickel in inferred resources based on NI 43-101 resource estimates commissioned by Gungnir. In 2021 the Company initiated drilling and geophysics and sampling programs which are underway at the time of this report.

The Company's future mineral exploration and mining activities may be affected in varying degrees by prevailing market prices, political stability and government regulations, the success of existing or future partners, all of which are beyond the control of the Company.

At December 31, 2022 the Company had working capital of \$2,468,290 (2021 - \$1,178,373). At June 30, 2023 the Company has working capital of \$1,935,174 (June 30, 2022 - \$3,365,175). At the time of this report the Company does have sufficient funds to meet its general and administrative expenses through 2023.

## **Capital Resources**

At June 30, 2023 Gungnir had paid up capital of \$33,375,967 representing 119,629,786 common shares without par value, and an accumulated deficit of \$37,164,411, resulting in a shareholder's equity (or net assets) of \$5,344,591 (\$5,685,629 at December 31, 2022). Gungnir has working capital of \$1,935,174 at June 30, 2023 compared to working capital of \$3,365,175 at June 30, 2022.

## **Business Risks, Uncertainties and Commitments**

The Company's business of mineral exploration has a high level of inherent risk associated with it. Although the Company is optimistic about the potential of many of its projects, there is no guarantee that any mineral deposits will be identified or that, if deposits are identified, it will be economically feasible to put them into production. The Company's exploration activities may also be affected by changes in environmental and other governmental regulation.

The financial condition of the Company is influenced by operational performance and a number of market risks. Fluctuations in market prices, foreign exchange rates and unit costs of production are the most significant risks experienced by the Company.

The Company purchases insurance to mitigate losses that may arise from certain liability and property risks. The cost of this insurance and the specific protection provided by the policies will vary from year to year depending on the conditions in the insurance market. The Company believes that the insurance program it has in place continues to prudently address its major liability and property risk exposures.

Risks associated with operations are numerous and include environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, blockades, changes in regulatory environment, natural phenomena and unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of the Company's mineral properties, personal injury or death, environmental damage, delays in or interruption of or cessation of production in its exploration or development activities.

The Company is subject to normal worker health, safety and environmental risks associated with its exploration operations. The Board of Directors regularly reviews the health and safety of the Company's operations to mitigate potential hazards and optimize the health and safety of employees, contractors and the public in general. Operational changes are increasingly subject to regulatory approval that may include delays due to longer and more complex regulatory review and approval process. These increasing requirements are expected to continue to result in higher administration costs and capital expenditures for compliance.

### **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 June 30, 2023, the Company had the following transactions with related parties:

- Incurred or paid wages of \$207,500 in total to the CEO and CFO of the Company (2022 - \$195,000).
- Incurred or paid directors' fees of \$40,000 included in consulting fees and wages (2022 - \$30,000).
- Incurred stock-based compensation of \$58,183 (2022 - \$nil).

At June 30, 2023, accounts payable and accrued liabilities include \$nil (2022 - \$nil) due to the related parties of the Company.

### **Financial Instruments**

Gungnir' financial instruments consist of cash, receivables, marketable securities, deposits and accounts payable. Unless otherwise noted, it is the Company's opinion that we are not exposed to significant interest, currency or credit risks. Gungnir has to date not entered into the use of derivative instruments or foreign exchange contracts to hedge gains or losses arising from foreign exchange fluctuations.

### **Significant accounting judgements and estimates**

A summary of all the Company's significant accounting policies is included in Note 2 to the quarterly financial statements for the period ended June 30, 2023.

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, 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 the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and prepayments which are included in the consolidated statements of financial position;
- the recoverability and probability of future economic benefits of amounts capitalized as exploration and evaluation costs
- the inputs used in valuing share-based payments which are included in the consolidated statements of comprehensive income or loss;
- the income taxes provision which is included in the consolidated statements of comprehensive income or loss and the composition of deferred income tax assets and liabilities which are included in the consolidated statements of financial position;
- the inputs used in determining the various commitments which are accrued in the consolidated statements of financial position.

### **Evaluation and exploration 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 or 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 exploration and evaluation properties are, where necessary, written down to the estimated fair value based on discounted estimated future net cash flows.

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 exploration and evaluation 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.

### **Stock-based Compensation**

The standard now requires that all stock option-based awards made to consultants and employees be recognized in these consolidated financial statements and measured using a fair value-based method.

Consideration received on the exercise of stock options and compensation options and warrants is recorded as share capital. The related contributed surplus originally recognized when the options were granted, is transferred to share capital.

### **Critical accounting policies and changes in accounting policies**

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended December 31, 2021, and have been consistently followed in the preparation of these financial statements. New accounting standards adopted during the year:

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. Changes in accounting policies and correction of errors are generally

retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The adoption of IAS 8 did not have a material impact on the Company's financial statements.

#### 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.

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

In August 2020, 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) as a result of Phase 2 of the IASB's Interest Rate Benchmark Reform project. The amendments address issues arising during reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The amendments are effective January 1, 2021. The adoption of these amendments will have no material impact on the Company's financial statements.

#### **Disclosure Controls and Procedures**

As of June 30, 2023, the Company carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure control and procedures are effective to ensure that information required to be (a) disclosed is recorded, processed, summarized and reported in a timely manner and (b) disclosed in the reports that we file or submit is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

We have designed, or caused to be designed under our supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in Canada.

#### **Outstanding Share Data**

The authorised share capital in Gungnir Resources Inc. consists of 500,000,000 common shares. In January 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. 200,000 stock options with an exercise price of \$0.05 expired unexercised.

In March 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.

In March 2022, 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 Lappvatnet and Rormyrberget projects (the "Lappvatnet 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 Lappvatnet 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.

At June 30, 2023 there are 119,629,786 common shares issued and outstanding.

## Share-based Compensation

### Options

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 June 30, 2023 and December 31, 2022:

	June 30, 2023		December 31, 2022	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options outstanding, beginning of year	12,140,444	\$ 0.11	9,466,667	\$ 0.10
Granted	1,000,000	0.08	3,473,777	0.13
Exercised	-	-	(600,000)	0.05
Expired/Cancelled	-	-	(200,000)	0.05
<b>Options outstanding, end of period</b>	<b>13,140,444</b>	<b>\$ 0.11</b>	<b>12,140,444</b>	<b>\$ 0.11</b>

	2023	2022
Options exercisable, end of period	13,120,444	12,120,444
Weighted average contractual remaining life (years)	2.82	3.17

Summary of stock options outstanding at June 30, 2023:

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
2,539,778	0.14	April 6, 2027
1,000,000	0.08	February 14, 2028
<b>13,140,444</b>		

\* Compensation options granted in 2020, \*\* Compensation options granted in 2022

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 (2022 - \$nil), average risk-free interest rate of 3.54% (2022 - 2.51%),



expected life of 5 years (2022 - 5 years), stock price of \$0.08 (2022 - \$0.14) and an expected volatility of 93% (2022 - 97%).

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 the periods ended June 30, 2023 and December 31, 2022:

		June 30, 2023		December 31, 2022	
	Warrants	Weighted average exercise price		Warrants	Weighted average exercise price
Beginning of year	15,662,667	\$ 0.09		15,662,667	\$ 0.09
Granted	21,318,336	0.18		21,318,336	0.18
Exercised	(332,000)	0.08		(332,000)	0.08
Expired/Cancelled	-	-		-	-
<b>Warrants outstanding, end of period</b>	<b>36,649,003</b>	<b>\$ 0.14</b>		<b>36,649,003</b>	<b>\$ 0.14</b>

	<b>2023</b>	<b>2022</b>
Warrants exercisable, end of period	36,649,003	36,649,003
Weighted average contractual remaining life (years)	0.53	1.03

Summary of warrants outstanding at June 30, 2023:

Number outstanding	Exercise price (\$)	Expiry date
6,666,667	0.09	September 24, 2023
3,000,000	0.09	October 1, 2023
5,664,000	0.08	September 10, 2023
21,318,336	0.18	March 31, 2024
<b>36,649,003</b>		

## 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, 2022	\$ 3,732,396	\$ 3,062,989	\$ -	\$ 6,795,385
Options and warrants expired	-	-	-	-
Finder's warrants granted	-	-	-	-
<b>June 30, 2023</b>	<b>\$ 3,732,396</b>	<b>\$ 3,062,989</b>	<b>\$ -</b>	<b>\$ 6,795,385</b>

## Loss per Share

Periods ended	June 30, 2023	December 31, 2022
Numerator: Net income (loss) attributable to common		

shareholders – basic and diluted	\$ (399,221)	\$ (962,995)
<b>Denominator: Weighted average number of common shares outstanding – basic and diluted</b>	119,626,104	114,236,125
Basic and diluted earnings (loss) per share	\$ (0.00)	\$ (0.01)

Diluted earnings (loss) per share did not include the effect of 13,140,444 (2022 - 12,140,444) stock options and 36,649,003 (2022 - 36,649,003) warrants as they are anti-dilutive.

#### **Subsequent Events**

None.

#### **Additional Information**

Additional information is available at the Company website at [www.gungnirresources.com](http://www.gungnirresources.com) or on its SEDAR page site accessed through [www.sedar.com](http://www.sedar.com).

**BY ORDER OF THE BOARD OF DIRECTORS OF  
GUNGNIR RESOURCES INC.**