

# GUNGNIR

## Gungnir Resources Inc.

### MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months ended March 31, 2021

DATED May 27, 2021

#### 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 has implemented a new corporate strategy to focus on exploration in mining-friendly Sweden with the goal of discovery of high-quality gold and base metal deposits.

This MD&A is dated May 27, 2021 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, 2020 and related notes attached thereto (the “2020 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 continues its exploration efforts in Sweden with the primary goal of advancing to a stage where a resource can be defined and exploited at a profit or offered for sale or option. The Company completed its fourth year of drilling in Sweden and announced the final drill results in October of 2020. A total of 1,122 meters were drilled in 2020.

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 (Knaften 300), 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 current focus is on its gold target at Knaften where further drilling and geophysical work are planned.

East of Knaften, 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 NI43-101 resource estimates commissioned by Gungnir in 2020. Further drilling and sampling are planned on these projects.

## **Exploration 2021**

Diamond drilling in Sweden is planned to commence during the week of May 24, 2021. Planned drilling will initially focus on the Company's key gold target at Knaften where all permits and approvals have been received.

Drilling will test structural extensions of the Knaften 300. Drill results at Knaften 300 include near surface intersections of high-grade gold including 59.6 g/t Au over 1.00 metre in hole KN19-06 and numerous wide zones of gold mineralization including 2.92 g/t Au over 13.00 metres in hole 200707. Additionally, up to 50 line-kilometres of Induced Polarization (IP) geophysics is planned this summer to outline potential new targets on the recently acquired Knaften nr 600 permit which expanded the Knaften property by over 75%.

Following work at Knaften, the Company plans to drill at its nickel-copper-cobalt-PGE (platinum, palladium and gold) projects, Lappvattnet and Rormyrberget, located in the same general area as Knaften. Drilling is planned to test for grade and distribution of PGEs and deposit extensions.

Approximately 2,500 metres of diamond drilling has initially been planned, split about equally on gold and nickel-copper-cobalt-PGEs targets.

## Results of Operations To-Date

### Knaften Property

The Company continues to demonstrate continuity of gold-bearing zones which extend more than 400 metres down-dip at the Knaften 300. And with growing indications of a sizeable mineralized system, the Company also importantly announced that it has tied-up key adjoining license to cover the entire 4 x 5 km quartz diorite intrusion which hosts Knaften 300 along its northern edge. The new licenses significantly expanded the size of the Knaften property by over 75% and significantly increasing the potential of Gungnir's Knaften intrusion-hosted gold target. The Knaften property now covers 4,887 hectares (or nearly 50 sq. km). Currently, key licenses comprising the Knaften project are valid from 2022 to 2024.

### Knaften 300 Drill Results

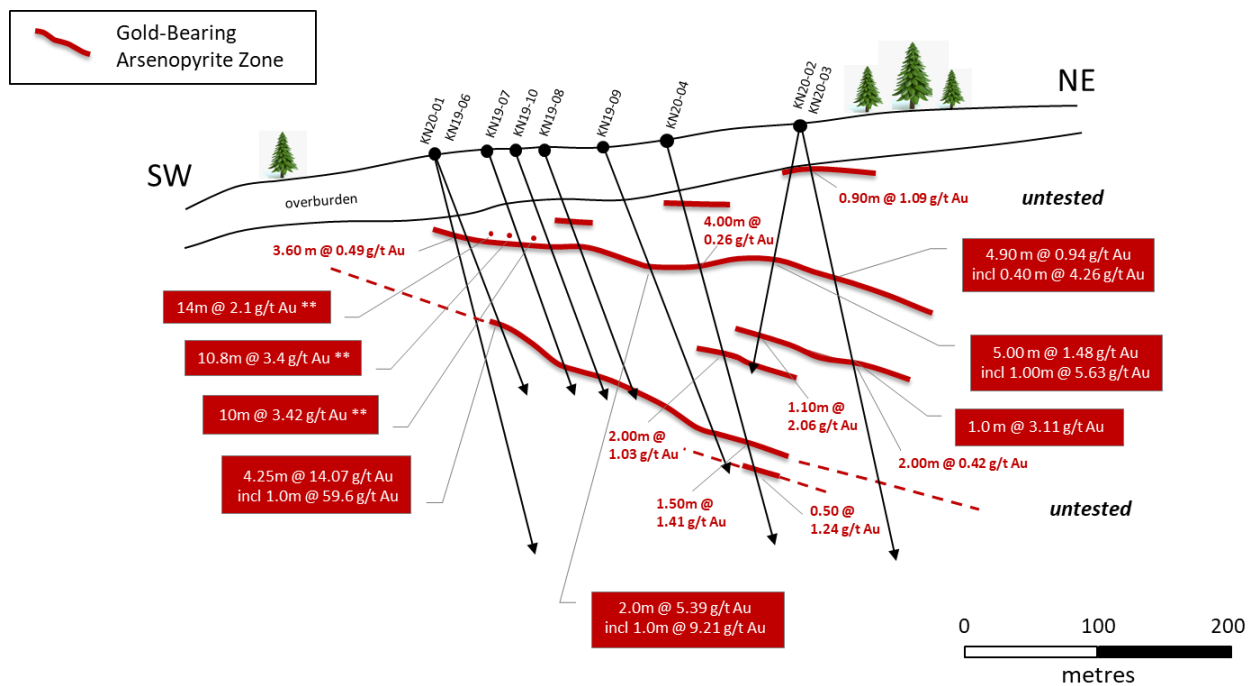
The Company's recently completed 2020 drilling at Knaften was reduced due to travel restrictions, but was carried out as efficiently and economically as possible in light of COVID-19 concerns and provided important structural information. Four holes (KN20-01 to -04) were drilled totalling 1,122 metres at Knaften 300. New results show shallow-dipping, stacked arsenopyrite zones that are gold-bearing and extend down-dip for more than 400 metres compared to the 200-metre extent Gungnir reported in 2019. The disseminated style of mineralization offers excellent potential for continuity, and further, the number of mineralized zones is also increasing at depth with now up to six zones identified in the profile Gungnir drilled. All zones remain open in all directions. With the exception of the high-grade gold intersection from 2019, results overall in 2020 are comparable (see Table 1 below).

Table 1: Knaften 300 Gold Zone Drill Results (2020, 2019 and Highlight Historic Results)

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)
KN20-01 including	55.90	59.50	3.60	0.49
	57.50	58.50	1.00	1.10
	157.00	157.50	0.50	0.30
KN20-02  including  including	32.10	33.00	0.90	1.09
	111.00	115.90	4.90	0.94
	115.50	115.90	0.40	4.26
	169.00	172.00	3.00	1.22
	169.00	170.00	1.00	3.11
	175.00	177.00	2.00	0.42
KN20-03  including	43.50	44.00	0.50	0.24
	104.00	109.00	5.00	1.48
	105.00	106.00	1.00	5.63
	175.00	176.10	1.10	2.06
	198.00	199.00	1.00	0.22
KN20-04	52.40	54.00	1.60	0.41
	96.00	100.00	4.00	0.26
	172.00	174.00	2.00	1.03
	227.00	228.50	1.50	1.41
	248.50	249.00	0.50	1.24
KN19-06*  including	62.50	67.50	5.00	0.49
	138.75	143.00	4.25	14.07
	142.00	143.00	1.00	59.60
	177.00	178.00	1.00	0.93
KN19-07 * including	70.65	78.15	7.50	1.00
	75.00	76.05	1.05	2.14

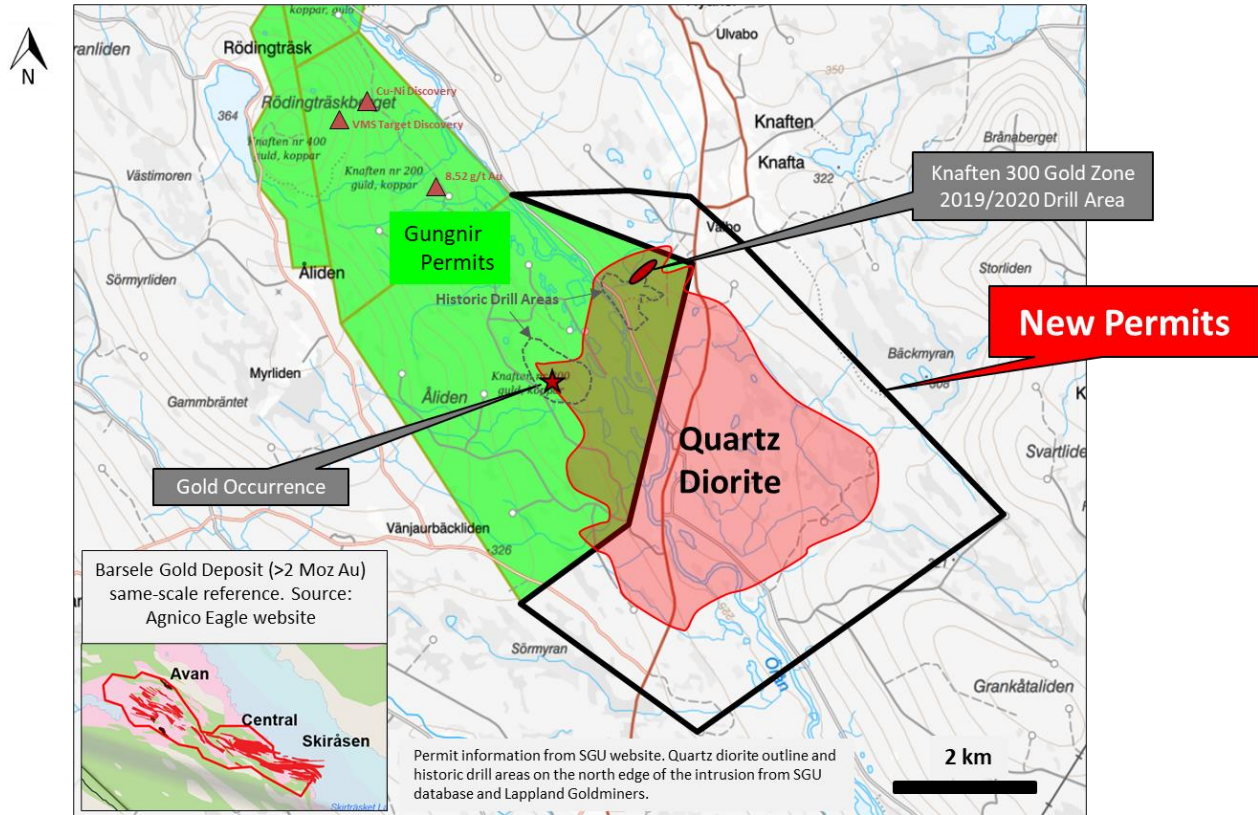
	182.00	182.65	0.65	0.81
	183.00	184.00	1.00	1.29
KN19-08*	66.00	67.00	1.00	1.30
	67.00	67.70	0.70	0.94
	203.70	204.00	0.30	0.84
	204.00	205.00	1.00	2.02
KN19-09*	95.00	96.00	1.00	1.08
	98.00	100.00	2.00	5.39
including	98.00	99.00	1.00	9.21
including	99.00	100.00	1.00	1.57
	242.10	243.00	0.90	4.94
KN19-10*	57.00	57.25	0.25	2.90
	60.00	61.00	1.00	2.91
	162.00	163.00	1.00	1.54
96009 #	67.05	77.80	10.75	3.45
200707 #	83.50	93.50	10.00	3.20
200707 ##	81.50	94.50	13.00	2.92
200714 #	135.80	143.80	8.00	3.11
KNA01001 #	55.00	69.45	14.45	2.13
200710 #	190.50	197.20	6.70	2.01
200715 #	118.80	123.80	5.00	2.89

Notes: \* 2019 results previously reported, # highlight historic results (not verified by the Company), ## highlight historic results verified by the Company. All lengths reported above table are core lengths.



## Knaften Property Extension

The new Knaften permits (Knaften nr 500 and 600) expand the existing property from 2,761 to 4,887 ha. The new area was earlier held by another group as part of a massive regional staking venture along the Gold Line, but all licenses were recently relinquished after the first three-year holding period, including those in the Knaften region. Based on information on hand, the new permits have seen little to no exploration or drilling.



## The Gold Target

The 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 cover 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 <sup>(1)</sup> which is located along the same structural trend known as the Gold Line and also covers one of the sizeable gold-in-till anomalies.

*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).*

## **Lappvattnet/Rormyrberget**

East of Knaften, the Company has 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. Modeling and extensive sampling by Gungnir indicates additional potential for value-added PGE (platinum-palladium-gold) zones at both deposits with up to 50.91 g/t PGE’s reported by Gungnir, but this will require more drilling to test for grade and continuity.

The NI 43-101 independent technical report entitled “Technical Report on the Lappvattnet and Rormyrberget Deposits, Northern Sweden” with an effective date of November 17, 2020 (the “Technical Report”) has been filed on SEDAR.

Highlights of the resource estimates were previously announced by the Company in a news release dated November 18, 2020 entitled “Gungnir Resources Tables 177 Million Pounds of Nickel in Sweden”.

#### Sweden Nickel Resources

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

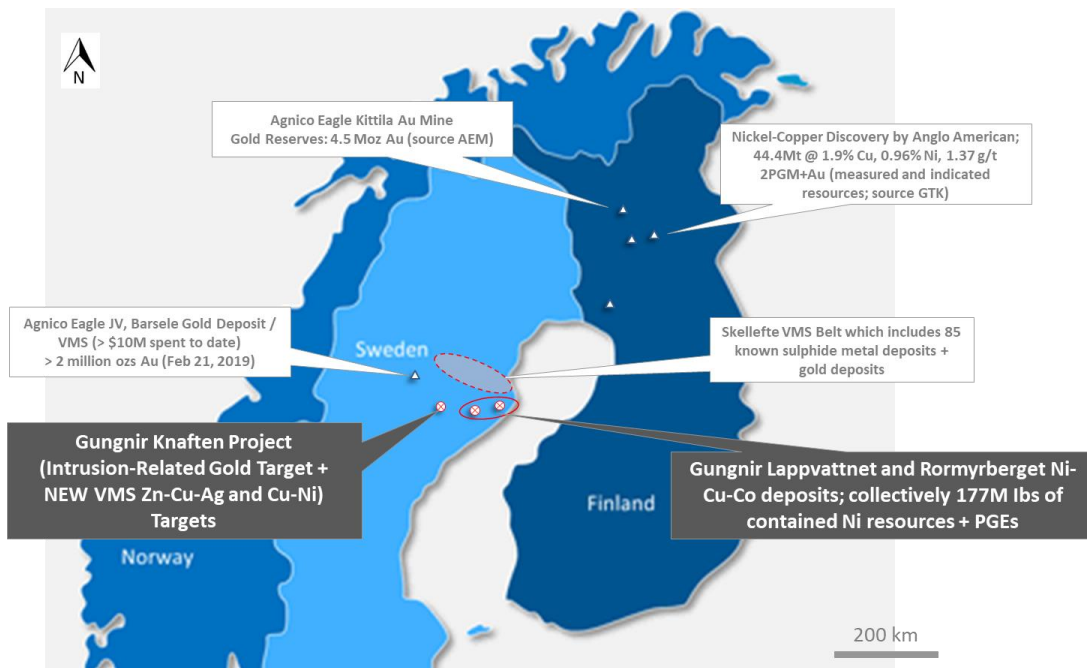
The two properties are located approximately 40 km apart. Mineral Resources estimated for Lappvattnet assume potential underground mining methods. Mineral Resources estimated for Rormyrberget assume potential open pit mining methods and are constrained by a conceptual open pit shell. Please refer to the Technical Report and news release dated November 18, 2020 for further details regarding these resources.

With recommendations in the new Technical Report along with work completed by Gungnir including geological and structural analyses, core sampling, ground geophysics and 3-D modelling, the Company is now making plans for continued work at both properties in 2021. The Company has submitted extension applications for existing licenses covering both deposits in early January 2021 and is awaiting a decision from Sweden’s Inspector of Mines.

The Technical Report for the Lappvattnet and Rormyrberget deposits was prepared by John Reddick, M.Sc., P.Geo., of Reddick Consulting Inc. (RCI) and Thomas Lindholm, Senior Mining Engineer of Geovista AB. Mr. Reddick, and Mr. Lindholm who are Independent Qualified Persons, as defined under NI 43-101.

#### **Exploration and Evaluation Properties - Overview**

Gungnir’s two project areas are located in northern Sweden within the Fennoscandian Shield, a mineral rich but highly underexplored region, which extends into neighbouring 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.



### **Knaften Property**

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. 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 and 2020 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.

#### **Knaften - Rodingtrask Target**

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 news releases 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 centred 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.





### Knaften – Copper-Nickel Target

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 (see NR dated Oct 4, 2018). 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.

### Knaften 300 Gold Zone

The original target on Knaften, the Knaften 300 Gold Zone covers up-ice of one of the largest gold-in-till anomalies in Sweden which is likely only partially indicated by current drilling at Knaften 300 (~ 50 holes to date by a previous operator). Intrusion-related gold mineralization hosted along the margins of a quartz diorite in both the intrusion and country rock sediments and volcanics. Large disseminated-style mineralization (arsenopyrite) offers excellent potential for continuity. Gungnir confirmed shallow mineralization with results including 13m of 2.92 g/t Au starting at a depth of 81.5m. Locally, the zone is open to the east and south, and regionally, a magnetic low trend is an obvious target extending several kilometres along strike from Knaften 300. In 2019, Gungnir identified a stacked gold mineralized system at Knaften 300 including high-grade gold mineralization (59.6 g/t Au over 1.0 metre).

New results from 2020 show shallow-dipping, stacked arsenopyrite zones that are gold-bearing and extend down-dip for more than 400 metres compared to the 200-metre extent Gungnir reported in 2019. The disseminated style of mineralization offers excellent potential for continuity, and further, the number of mineralized zones is also increasing at depth with now up to six zones identified in the profile Gungnir drilled. All zones remain open in all directions. Subsequently the Company has been granted additional Knaften permits (Knaften nr 500 and 600), which expands the existing property from 2,761 to 4,887 ha.

### Lappvattnet and Rormyrberget



The Lappvattnet and Rormyrberget nickel deposits are located 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.

In addition to upgrading nickel resources in 2020 (see news release dated November 18, 2020 entitled "Gungnir Resources Tables 177 Million Pounds of Nickel in Sweden and Technical Report dated November 17, 2020 filed on SEDAR), the Company also previously completed 3-D modelling, ground geophysics and extensive sampling of archived drill core for PGEs. On March 30, 2020 the Company reported 50.91 g/t PGE's (39.0 g/t platinum, 11.8 g/t palladium, 0.11 g/t gold) and 2.13% nickel over 0.45 metres at the Lappvattnet property in Sweden.

#### **Exploration and Evaluation Properties as at March 31, 2021:**

<b>Exploration and Evaluation Properties</b>	<b>December 31, 2020</b>	<b>Exploration and evaluation</b>	<b>Impairment</b>	<b>Loss on sale of property/ Recoveries</b>	<b>March 31, 2021</b>
Gungnir Sweden Properties	2,117,439	36,603	-	-	2,154,042

#### **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 rigorously 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. If the laboratory results for a Gungnir reference standard are plus or minus three standard deviations of the mean value of the certified value, or, if consecutive reference standard values are equal to plus or minus two standard deviations of the mean value, then the samples associated with that standard are re-analyzed by the laboratory.

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.

#### **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.

	<b>Year Ended December 31, 2020</b>	Year Ended December 31, 2019	Year Ended December 31, 2018
Total Revenues	<b>NIL</b>	NIL	NIL
General & administrative expenses	<b>637,498</b>	655,953	426,245
Write off of exploration costs on outside properties and properties abandoned	-	-	-
Stock Based Compensation	<b>134,614</b>	219,013	-
Comprehensive income from continuing operations:			
- In total	<b>(628,022)</b>	940,267	680,092
- Basic and diluted earnings per share	<b>(0.01)</b>	0.01	0.01
Total Assets	<b>3,457,727</b>	3,382,352	2,340,519
Total long-term liabilities	<b>Nil</b>	Nil	NIL
Cash dividends declared	<b>Nil</b>	Nil	NIL

### 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.

	<b>Mar. 31 2021 \$</b>	<b>Dec. 30, 2020 \$</b>	<b>Sept. 30, 2020 \$</b>	<b>June 30, 2020 \$</b>	<b>Mar. 31, 2020 \$</b>	<b>Dec. 31, 2019 \$</b>	<b>Sept. 30, 2019 \$</b>	<b>June 30, 2019 \$</b>
Resource Properties	2,154,042	2,117,439	2,053,162	1,840,257	1,793,344	1,775,747	1,713,628	1,402,148
Working Capital	1,115,709	1,265,155	1,168,787	1,158,747	1,317,648	1,439,013	611,685	1,120,734
Revenues	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Income (loss)	(115,981)	(281,961)	(145,138)	(97,236)	(103,287)	889,393	(416,506)	569,525
Earnings (loss) per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	0.01	(0.01)	0.01

### 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 2020 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.

**First Quarter Results of Operations – March 31, 2021 and 2020:**

For the Quarter Ended March 31,		<b>3 Months 2021</b>	3 Months 2020
<b>Operating Expenses</b>			
	\$		
General and administration		19,728	12,772
Compensation		93,125	95,195
Professional fees		600	300
		<b>(113,453)</b>	(108,267)
<b>Other items</b>			
Interest and other income		38	5,306
Foreign Exchange		(2,566)	(726)
<b>Loss before income taxes</b>		<b>(115,981)</b>	<b>(103,287)</b>
<b>Net loss and comprehensive loss for the period</b>	\$	<b>(115,981)</b>	<b>(103,287)</b>
<hr/>			
Weighted average number of shares outstanding		72,266,735	66,097,785
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<b>Basic and diluted loss per share</b>	\$	<b>0.00</b>	0.00

During the first quarter of 2021, Gungnir sustained a loss from operations of \$115,981 (Q1-2020 - \$103,287). Previous quarters for 2020 and 2019 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 first quarter of 2021 were \$19,728 compared to the same period in 2020 of \$12,722. The largest contributing factor to the increase in G&A in Q1-2021 was Shareholder and Regulatory fees of \$15,288 compared to \$8,640 in Q1-2020. Travel and Promotional expenses were minor in Q1-2021 of \$250 compared to \$404 in Q1 2020.

Compensation was \$93,125 in Q1-2021 and \$95,195 in Q1-2020 with \$NIL Stock based Compensation recorded for either reporting period. Office expenses were \$4,190 and \$3,728 for the first quarter of 2021 and 2020 respectively and Professional fees in Q1-2021 were \$600 and \$300 in Q1-2020.

**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. Further drilling and sampling are planned on these projects.

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.

The Company's mineral exploration activities have been funded through the sales of common shares and the sale of the Kenville property. While the Company has also been successful in continuing development and exploration of its properties, there is no assurance that these trends will continue indefinitely. The ongoing general and administrative obligations are dependent on financings as well and the Company expects to continue to utilize this source of funding until it develops cash flow from its operations. There can be no assurance, however, that the Company will be able to obtain the required financing in the future on acceptable terms, or at all.

At March 31, 2021 the Company had working capital of \$1,115,709 (December 31, 2020 - \$1,317,648). At the time of this report the Company does have sufficient funds to meet its general and administrative expenses through 2021.

### **Capital Resources**

At March 31, 2021 Gungnir had paid up capital of \$30,624,048 representing 78,597,785 common shares without par value, and an accumulated deficit of \$35,017,905, resulting in a shareholder's equity (or net assets) of \$3,317,476 (\$3,433,457 at December 31, 2020). Gungnir has working capital of \$1,115,709 at March 31, 2021 compared to working capital of \$1,317,648 at March 31, 2020.

### **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.

Salaries paid to key management personnel for the periods ended March 31, 2021 total \$81,250 (2020 - \$137,619). Stock-based compensation paid to key management personnel and directors for the period ended March 31, 2021 totalled \$nil (2020 – \$nil). Key management personnel are comprised of the Company’s Chief Executive Officer and Chief Financial Officer.

At March 31, 2021, accounts payable and accrued liabilities include \$nil (2020 - \$56,370) due to directors and organizations controlled by directors.

## **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 March 31, 2021.

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, 2020, 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.

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.

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 March 31, 2021, 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. On October 1, 2020, the Company completed a private placement for 10,000,000 units at a price of \$0.06 per unit, for gross proceeds of \$600,000. 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 \$0.09 for 36 months. The warrants were ascribed an aggregate fair value of \$259,739 under the Black-Scholes valuation model, with the residual being allocated to share capital. The Company incurred finder's fees of \$48,000 and issued an aggregate of 800,000 compensation options with a fair value \$48,855. Each compensation option consists of one common share and one compensation warrant and is exercisable at \$0.06 for 36 months. Each compensation warrant is exercisable into one common share at \$0.09 for 36 months.

On October 27, 2020 and November 10, 2020, the Company issued 2,000,000 and 500,000 common shares, respectively, pursuant to the exercise of warrants at \$0.05 per share, for gross proceeds of \$125,000. \$16,621 previously recognized in Warrants reserve was reclassified to Share capital on the exercise of the warrants.

At March 31, 2021 there are 78,597,785 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.

	March 31, 2021			December 31, 2020		
	Options	Weighted average exercise price		Options	Weighted average exercise price	
Options outstanding, beginning of period	8,350,000	\$ 0.08		6,350,000	\$ 0.07	

Granted	-	-	3,200,000	0.09
Expired/Cancelled	-	-	(1,200,000)	0.05
<b>Options outstanding, end of period</b>	<b>8,350,000</b>	<b>\$ 0.08</b>	<b>8,350,000</b>	<b>\$ 0.08</b>

	2021	2020
Options exercisable, end of period	8,350,000	8,350,000
Weighted average contractual remaining life (years)	2.63	2.87

Summary of post consolidation stock options outstanding at March 31, 2020:

Number outstanding	Exercise price (\$)	Expiry date
2,350,000	0.06	October 3, 2021
800,000	0.05	January 20, 2022
533,333*	0.06	September 24, 2023
266,667*	0.06	October 2, 2023
2,000,000	0.11	September 11, 2024
2,400,000	0.10	November 18, 2025
<b>8,350,000</b>		

\* Compensation options (see Note 7)

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

12,000,000 post consolidation warrants were issued during 2016 as part of a private placement financing that closed on September 28, 2016. Each warrant entitles the holder to acquire an additional common share of the Company at \$0.05 for 60 months.

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

	March 31, 2021			December 31, 2020		
	Warrants	Weighted average exercise price		Warrants	Weighted average exercise price	
Beginning of year	19,831,000	\$ 0.07		15,351,000	\$ 0.05	
Granted	-	-		10,000,000	0.09	
Exercised	-	-		(2,500,000)	0.05	
Cancelled/Expired	-	-		(3,000,000)	0.05	
<b>Warrants outstanding, end of period</b>	<b>19,851,000</b>	<b>\$ 0.07</b>		<b>19,851,000</b>	<b>\$ 0.07</b>	

	<b>2021</b>	<b>2020</b>
Weighted average contractual remaining life (years)	1.08	1.29

Summary of post consolidation warrants outstanding at March 31, 2021:

<b>Number outstanding</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
9,851,000	0.05	September 28, 2021
6,666,667	0.09	September 24, 2023
3,333,333	0.09	October 1, 2023
<b>19,851,000</b>		

### 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		-		-	-
<b>March 31, 2021</b>	<b>\$</b>	<b>3,692,293</b>	<b>\$</b>	<b>3,058,609</b>	<b>\$ 6,750,902</b>

### Loss per Share

Periods ended		March 31, 2021		December 31, 2020
Numerator: Net income (loss) attributable to common shareholders – basic and diluted	\$	(115,981)	\$	(628,022)
Denominator: Weighted average number of common shares outstanding – basic and diluted		72,266,735		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 8,350,000 (2020 – 8,350,000) share purchase options and 19,851,000 (2020 – 19,851,000) warrants as they are anti-dilutive.

### Subsequent Events

None at the time of this report.

### 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.**