

# Gungnir Resources Inc.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months ended March 31, 2020

DATED May 29, 2020

### 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 29, 2020 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 together with the annual audited financial statements for the year ended December 31, 2019 and related notes attached thereto (the “2018 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, 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.

## Outlook

The Company holds gold and base metal exploration permits in Sweden's prolific Vasterbotten District which hosts 12 million ounces of gold delineated in existing and mined resources plus several past-producing and producing volcanogenic massive sulphide (VMS) base metal mines.

The Company continued 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 third year of drilling in Sweden by the end of September and announced the final drill results in November of 2019. A total of 1,900 meters were drilled in 2019.

Gungnir Resources Inc. has provided an update on preliminary exploration plans for Sweden in 2020. Drill-testing multiple targets on three properties for gold, base metals and PGE's (platinum-palladium) are planned to rank targets moving forward.

On the Knaften property, the Company plans to drill-test several targets focused on high-grade gold as first priority. In the past three years Gungnir has made three new discoveries at Knaften; one in each year the Company has drilled:

- 2019: Stacked gold system identified, including a new lower zone with high-grade gold including 59.6 g/t Au over 1.0 metre within a broader interval grading 14.07 g/t Au over 4.25 metres;
- 2018: Large volcanogenic massive sulphide (VMS) system with favourable VMS geology including widespread, elevated zinc and copper over core lengths greater than 100 metres;
- 2017: Copper-nickel mineralization over core lengths greater than 10 metres in favourable intrusive rocks.

East of Knaften, Gungnir plans to up-date historic nickel-copper-cobalt resources on its Lappvattnet and Rormyrberget claims. At both deposits significant drill intersections are reported, including:

- 3.21% Ni + 4.28 g/t PGE's (platinum-palladium-gold) over 4.97 metres, and 2.63% Ni over 12.5 metres at Lappvattnet;
- 3.95% Ni over 2.0 metres, and 1.16% Ni over 19.55 metres at Rormyrberget.

Gungnir is evaluating the availability of archived drill core for potential re-sampling and assaying for PGE's. PGE's have been reported in select drill holes; however, most of the historic core was not assayed for platinum group metals. Additional drilling is being considered at this time.

Permitting and claim maintenance is underway at Knaften, Lappvattnet and Rormyrberget. Drilling is expected to commence once all permitting is finalized and conditions allow. Up to 2,000 metres of drilling is anticipated for 2020.

Management continues to be focused on managing its capital while seeking sources of funding and focusing its efforts on its multiple targets in Sweden to build shareholder value. The royalty payments from the sale of the Kenville Mine property received in May of 2017 and 2018 provided the Company with sufficient working capital to continue the exploration and drill programs in Sweden on the Knaften property. The completed sale agreement with Ximen in 2019 allows the Company to eliminate the uncertainty of the remaining payments and management can now prepare for the 2020/2021 exploration programs and along with the existing treasury, the Company should meet working capital requirements through 2021.

## Overall Performance

The following summarizes the significant corporate events and results on our exploration and evaluation projects during the year to date.

Since 2017, the Company has drilled approximately 4,500 metres and completed numerous geophysical surveys at Knaften, and has completed 3-D modelling and property-wide geophysics at both Lappvattnet and Rormyrberget which collectively contain over 70 million pounds of nickel in historic resources.

Successful drill programs at Knaften resulted in back-to-back new base metal target discoveries; the Rodingtrask VMS and a Cu-Ni target located only 400 metres to the east. These new targets add significant up-side to the previously gold-only Knaften project (Knaften 300), 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.

Drilling is scheduled to commence June 15, 2020 on the Company's targets in Sweden. Gungnir's initial drilling focus in 2020 is planned on the Knaften 300 Gold property drilling extensions of the Gold Zone.

Management continues to be focused on managing its capital while seeking sources of funding as well as other opportunities to build shareholder value. The first two royalty payments received in May of 2017/2018 have provided the Company with enough working capital to continue the exploration and drill programs in Sweden on the Knaften property. The April 25, 2019 agreement with Ximen allows the Company to eliminate the uncertainty of the remaining payments and allow management to prepare for the 2019 and 2020 exploration programs and provide working capital through 2020.

## Results of Operations

### Q1 2020 Highlights:

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 its Lappvattnet property in Sweden. Results are from initial re-sampling of archived drill core in advance of plans to update the historic resource at Lappvattnet and to evaluate the grade and distribution of PGE's.

In addition to the Knaften project, where three new discoveries were made over the past three years, the plan is to continue drilling in early-summer 2020. We have also steadily continued to advance our Lappvattnet nickel project. 3-D modelling and geophysics have been completed and now we are having a closer look at potential value-added precious metals. Results support drill data from 2007 and demonstrate high-grade PGE contents. We have completed further sampling of core from an additional fifteen holes drilled in the mid-1970's which have no record of being assayed for PGE's. Assays are pending.

Along with Lappvattnet, the Company holds the Rormyrberget nickel deposit located in the same general area. The two deposits collectively contain over 70 million pounds (Mlbs) nickel, 10 Mlbs of copper and 2 Mlbs of cobalt in historic resources. At Lappvattnet, the historical estimate is 1,139,000 tonnes @ 0.91% Ni, 0.19% Cu and 0.02% Co for 22.9 Mlbs of Ni, 4.8 Mlbs of Cu and 0.5 Mlbs of Co (see Note 1).

### Results Table

DDH_ID	From (m)	To (m)	Length (m)	Ni %	PGE's g/t *	Pt g/t	Pd g/t	Au g/t
Gungnir Re-Sampling Results								
LAP07-001	32.55	34.94	2.39	1.54	0.10	0.01	0.04	0.05
LAP07-002 #	76.43	76.54	0.11	1.77	0.20	0.01	0.12	0.07
	77.10	77.33	0.23	4.99	0.33	0.03	0.25	0.05
	79.55	81.00	1.45	1.41	16.51	12.28	4.09	0.14
includes	79.55	80.00	0.45	2.13	50.91	39.00	11.80	0.11
LAP07-004	94.00	98.00	4.00	1.23	0.17	0.03	0.03	0.11
	101.00	102.00	1.00	1.05	0.31	0.14	0.03	0.14
	105.00	106.00	1.00	1.21	0.46	0.06	0.16	0.24
2007 Results								
LAP07-001	32.55	34.94	2.39	1.36	0.11	0.02	0.04	0.05
LAP07-002	76.43	81.40	4.97	3.20	4.29	2.70	1.40	0.19
includes	79.00	80.00	1.00	3.13	14.71	9.04	5.37	0.30
LAP07-004	94.00	98.00	4.00	1.24	0.19	0.03	0.03	0.13

101.00	102.00	1.00	0.96	0.20	0.01	0.03	0.16
105.00	106.00	1.00	1.42	0.46	0.24	0.07	0.15
* PGE's g/t = platinum (Pt) + palladium (Pd) + gold (Au)							
# drill hole has several sections with insufficient core for sampling							

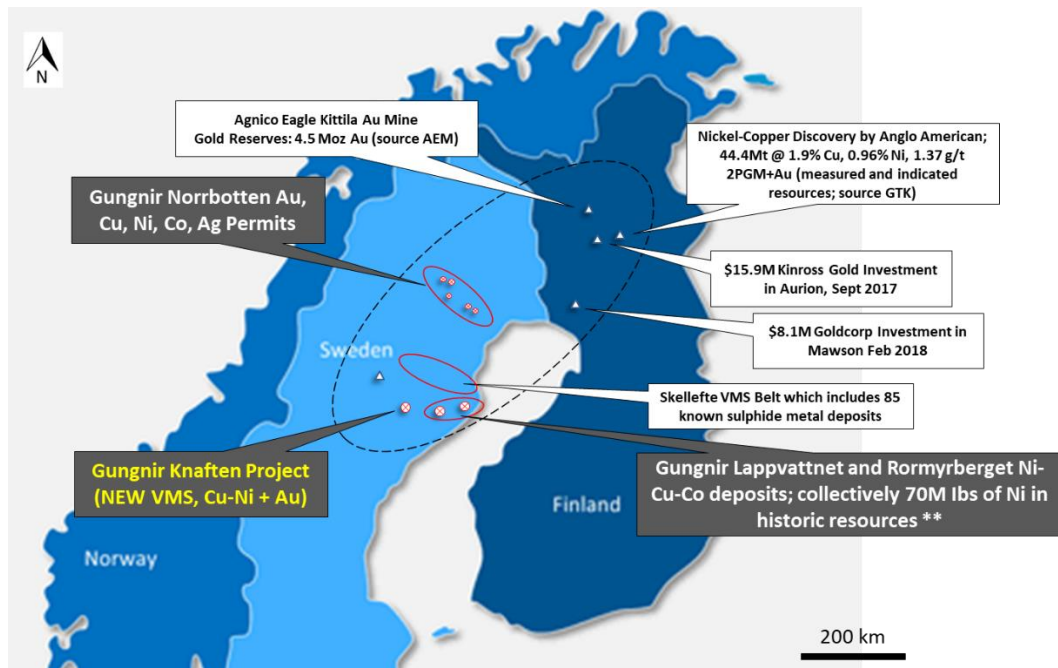
Note 1: A qualified person for Gungnir Resources has not done sufficient work to classify the historical estimates as current resources and Gungnir is not treating the historical estimates as current mineral resources. Further information on Lappvattnet and historical estimate references and details, please refer to this link: <http://www.gungnirresources.com/projects/lappvattnet-rormyrberget/overview/>

Sampled drill core is archived at the SGU (Swedish Geological Survey) core facility in Mala Sweden. Drill core samples represent one-quarter drill core which was halved by sawing already split drill core. Core was logged and tagged for sampling at the core facility, then brought to ALS Minerals' Core Services Laboratory also in Mala. Core was sawed on site by ALS staff and sample material was sent to ALS's Lab in Ireland. Ni was analyzed using fire assay method Ni-OG46 and Pt, Pd, and Au were analyzed using fire assay method PGM-ICP27. Sample lengths reported in the above table are core lengths.

The technical information in this report has been prepared and approved by Jari Paakki, P.Geo., CEO and a director of the Company. Mr. Paakki is a Qualified Person under National Instrument 43-101.

### Exploration and Evaluation Properties

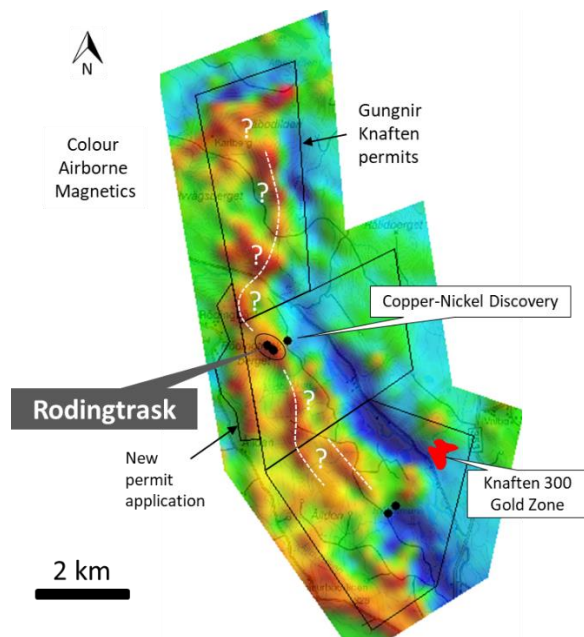
Gungnir holds three project areas in northern Sweden within the Fennoscandian Shield, a mineral rich but highly underexplored region, which extends into neighbouring Finland. The Fennoscandian shield continues to offer excellent ore discovery potential, in particular under glacial till (sand and gravel) 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. Gungnir's key project is Knaften.



### Knaften

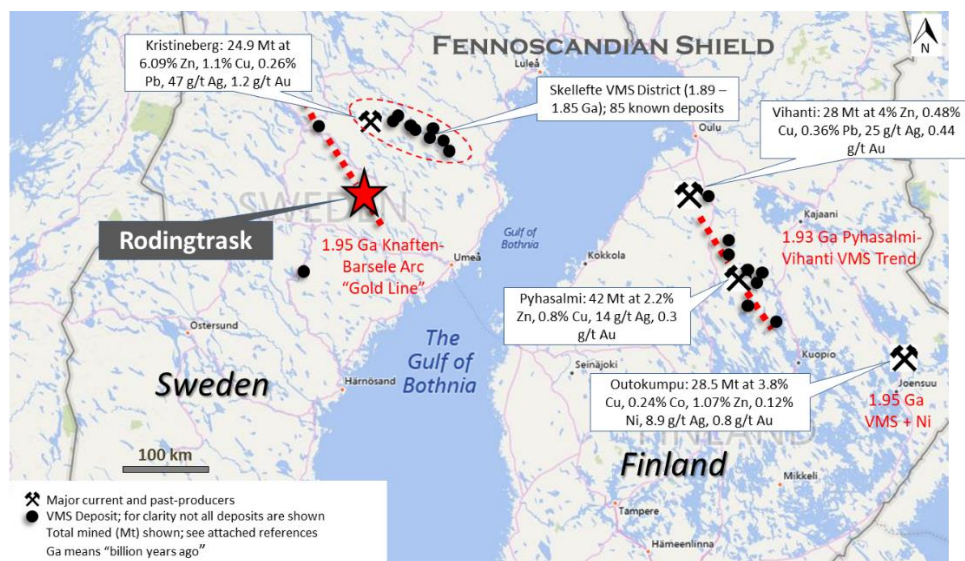
The Knaften project is situated at the south end of a regional structure known as the “Gold Line” or Knaften-Barsele Arc located within a prolific VMS region including the Skellefte Belt and VMS belts in Finland. Successful exploration by the Company has resulted in back-to-back new target discoveries in 2017 and 2018 in its first two rounds of drilling. Knaften, its key project, now has two brand 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. In 2019, Gungnir identified stacked gold mineralization at Knaften 300 including discovery of a new lower zone with high-grade gold (59.60 g/t Au). All three targets on Knaften are wide-open for expansion and further discovery.



### **Knaften - Rodingtrask Target**

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 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

New discovery 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 – Knaften 300 Gold Zone

Original target on Knaften covering 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 stacked gold mineralization at Knaften 300 including discovery of a new lower zone with high-grade gold (59.60 g/t Au).

### Lappvattnet and Rormyrberget

The Rormyrberget and Lappvattnet 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.

The deposits collectively host 70 million pounds of nickel in historical resources. \*\* The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimates as current resources and Gungnir is not treating the historical estimates as current mineral resources.

The Lappvattnet and Rormyrberget deposits are both magmatic nickel sulphide accumulations with tectonic, structural, and geological similarities to documented Ni-Cu mines. The deposits occur in ultramafic intrusions hosted by metagreywackes and biotite-graphite gneisses. Sulphides consist of pyrrhotite, pentlandite and chalcopyrite. The Lappvattnet is largely a massive sulphide body that dips steeply to the south and plunges shallowly eastward. Mineralization at Rormyrberget consists of both massive sulphide and wider disseminated zones.

The historical estimates are based on an NI 43-101 report entitled "TECHNICAL REPORT ON RESOURCE ESTIMATES FOR THE LAINEJAUR, LAPPVATTNET AND RORMYRBERGET "ROR" DEPOSITS, NORTHERN SWEDEN", prepared for Blackstone Ventures Inc. by Reddick Consulting Inc. (RCI), effective May 5, 2009 and filed on SEDAR on June 16, 2009 ("RCI report").

### **Norrbotten**

Gungnir's Norrbotten gold and base metal claims consist of five permits totalling 35 sq. km in northern Sweden in the Norrbotten District. The permits cover significant gold, silver and copper mineralized boulders/blocks along a north-west trending corridor located approximately 200 km north of the Company's Knaften project including nearly a dozen boulders/blocks with significant copper, gold, silver, nickel and cobalt values located along the edge of a 10 km-long magnetics trend.

Historic prospecting results include:

- 7.7 g/t Au
- 4.3 g/t Au and 2.3 % Cu
- 3.7 g/t Au, 380 g/t Ag and 1.3 % Cu
- 2.6 g/t Au and 10 g/t Ag
- 2.54 g/t Au
- 2.09 % Cu, 25 g/t Ag and 0.9 g/t Au
- 1.96 % Cu and 1.3 g/t Au
- 1.52 % Cu and 33 g/t Ag
- 3.5 % Ni, 1.76 % Co, 2.42 % Cu

These early-stage prospects were staked as part of the Company's strategy to actively monitor new quality opportunities and to maintain a pipeline of projects from prospecting to advanced stage. Prospecting samples noted above are historic surface grab samples of boulders/blocks and may not be representative of mineralization hosted on the permits. Assays results are from the Swedish Geological Survey (SGU) data files. The Company has not verified this data.

### **Exploration and Evaluation Properties as at March 31, 2020:**

<b>Exploration and Evaluation Properties</b>	<b>December 31, 2019</b>	<b>Exploration and evaluation</b>	<b>Impairment</b>	<b>Loss on sale of property/ Recoveries</b>	<b>March 31, 2019</b>
Gungnir Property 6(b) and (c)	1,775,747	17,597	-	-	1,793,344
	1,775,747	17,597	-	-	1,793,344

### **General**

The Company's properties are early stage grassroots projects. There has been insufficient exploration to define a mineral resource on any of these properties and it is uncertain if further exploration will result in any such targets being delineated as mineral resources.

### **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, 2019</b>	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Revenues	<b>NIL</b>	NIL	NIL
General & administrative expenses	<b>655,953</b>	426,245	433,765
Write off of exploration costs on outside properties and properties abandoned	-	-	-
Stock Based Compensation	<b>219,013</b>	-	32,000
Comprehensive income from continuing operations:			
- In total	<b>940,267</b>	680,092	572,118
- Basic and diluted earnings per share	<b>0.01</b>	0.01	0.01
Total Assets	<b>3,382,352</b>	2,340,519	1,611,483
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, 2020</b>	<b>Dec. 31, 2019</b>	<b>Sept. 30, 2019</b>	<b>June 30, 2019</b>	<b>Mar. 31, 2019</b>	<b>Dec. 31, 2018</b>	<b>Sept. 30, 2018</b>	<b>June 30, 2018</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Resource Properties	1,793,344	1,775,747	1,713,628	1,402,148	1,364,922	1,336,496	1,231,098	897,519
Working Capital	1,317,648	1,439,013	611,685	1,120,734	588,399	718,982	864,654	1,280,158
Revenues	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Income (loss)	(103,287)	889,393	(416,506)	569,525	(102,145)	(57,705)	(116,941)	967,426
Earnings (loss) per share	0.00	0.01	(0.01)	0.01	0.00	(0.00)	(0.00)	0.02

### 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 2018 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, 2020 and 2019:**

For the Quarter Ended March 31,		<b>3 Months 2020</b>	3 Months 2019
<b>Operating Expenses</b>			
	\$		
General and administration		12,772	17,424
Compensation		95,195	82,285
Professional fees		300	337
<b>Other items</b>		<b>108,267</b>	100,046
Interest and other income		5,306	1,653
Foreign Exchange		(726)	(3,752)
<b>Loss before income taxes</b>		<b>103,287</b>	102,145
<b>Net loss and comprehensive loss for the period</b>	\$	<b>103,287</b>	102,145
<hr/>			
Weighted average number of shares outstanding		<b>66,097,785</b>	65,594,476
<hr/>			
<b>Basic and diluted loss per share</b>	\$	<b>0.00</b>	0.00

During the first quarter of 2019, Gungnir sustained a loss from operations of \$103,287 (Q1-2019 - \$102,145). Previous quarters for 2019 and 2018 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 2020 were \$12,772 compared to the same period in 2019 of \$17,424. The largest contributing factors to the decrease in G&A in Q1-2020 were the Shareholder and Regulatory fees of \$8,640 compared to \$9,879 in Q1-2019. Travel and Promotional expenses were also less in Q1-2020 of \$404 compared to \$3,857 for Q1 2019.

Compensation was \$82,285 in Q1-2019 and \$95,195 in Q1-2020 with \$NIL Stock based Compensation recorded for either reporting period. Office expenses also decreased slightly to \$3,728 in Q1-2020 from \$7,440 in Q1-2019, and Professional fees in Q1-2019 were \$337 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 in 2019, 2018 and 2017 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 in 2019. 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.

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 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.

The Company received the final \$1,000,000 cash payment related to the sale of the Company's remaining interest in the Kenville Gold Mine property ("Kenville") in BC, Canada on October 31, 2019.

The Company held a 100% interest in the Kenville mineral property near Nelson, British Columbia. On March 3, 2014, the Company entered into a binding letter agreement to sell its Kenville mineral property and closed the sale on May 1, 2014. Total consideration of \$5,900,000 for the purchase of the property was satisfied by (a) \$100,000 deposit (received); (b) \$800,000 payment on closing (received); and (c) \$5,000,000 cash balance to be satisfied by five (5) annual advance royalty payments of \$1,000,000 starting on or before May 1, 2017. The Company received each \$1,000,000 annual payment due in 2017 and 2018 plus a \$100,000 late payment fee in 2018. As this property interest had been previously fully recovered, the 2018 proceeds are reflected entirely in the current comparative figure for Royalty income option proceeds.

On April 25, 2019, the Corporation entered into a royalty option agreement with Ximen Mining Corp. (XIM: TSX-V) ("Ximen") whereby Ximen has an option to purchase the Company's remaining 4% gross metal royalty interest in the Kenville Gold Mine property for total consideration of \$1,700,000.

To exercise its option, Ximen was to pay: (a) \$500,000 in cash initially; (b) \$200,000 in common shares of Ximen; and (c) a further \$1,000,000 in cash on or before October 31, 2019. As at December 31, 2019, Ximen had completed its option and the Company had received all \$1,500,000 in cash and 285,918 common shares of Ximen with an estimated fair value of \$174,410. The Company subsequently disposed of the Ximen shares for gross proceeds of \$100,126, and recognized a realized loss on disposition of \$74,284. All transactions have been included within Royalty option proceeds in the statement of comprehensive income.

At December 31, 2020 the Company had working capital of \$1,317,648 (December 31, 2019 - \$1,439,013). At the time of this report the Company does have sufficient funds to meet its general and administrative expenses through 2020.

### **Capital Resources**

At March 31, 2020 Gungnir had paid up capital of \$30,239,021 representing 66,097,785 common shares without par value, and an accumulated deficit of \$34,377,589, resulting in a shareholder's equity (or net assets) of \$3,146,178 (\$3,249,865 at December 31, 2019). Gungnir has working capital of \$1,317,648 at March 31, 2020 compared to working capital of \$588,399 at March 31, 2019.

### **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.

## **11. RELATED PARTY TRANSACTIONS**

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

Salaries paid to key management personnel for the period ended March 31, 2020 total \$137,619 (2019 - \$76,250). Stock-based compensation paid to key management personnel and directors for the period ended March 31, 2020 totalled nil (2019 - nil). Key management personnel are comprised of the Company's Chief Executive Officer and Chief Financial Officer. At March 31, 2020, accounts payable and accrued liabilities include \$56,370 (2019 - \$225,478) 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, 2020.

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 un-audited financial statements for the period ended March 31, 2020, and have been consistently followed in the preparation of these financial statements.

### **Overview of Changes in IFRS**

#### **Financial Instruments ("IFRS 9")**

The Company has elected not to adopt the hedging requirements of IFRS 9, but may adopt them in a future period. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity.

The Company has adopted the new IFRS 9 changes and assessed the classification and measurement of its financial assets and financial liabilities by summarizing the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	IAS 39	IFRS 9
Cash	Fair Value through profit or loss	Amortized cost
Reclamation bonds	Fair Value through profit or loss	Amortized cost
Accounts payable and accrued liabilities, Provisions, Mortgage payable, Debenture and Loan payable	Amortized cost	Amortized cost

#### Leases (“IFRS 16”)

On January 1, 2019 the Company adopted IFRS 16 *Leases* which is effective for annual periods beginning on or after January 1, 2019.

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single model for lease accounting which requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has low a value. The adoption of IFRS 16 will have no material impact on the Company’s financial statements.

#### Disclosure Controls and Procedures

As of March 31, 2020, 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 June of 2014, the Company consolidated the outstanding capital of the Company (184,657,410) on a basis of one post consolidated common share for every five currently issued and outstanding common shares for a total of 36,931,482. Following the capital consolidation, the Company issued 6,517,303 at a deemed price of \$0.05 per share as part of the acquisition of the Gungnir properties in Sweden. The Company also completed a private placement on June 30, 2014 for 1,600,000 Units at a price of \$0.05 per Unit. 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 \$0.05 per share for 60 months.

On September 28, 2016, the Company completed a private placement for 12,000,000 Units at a price of \$0.03 per Unit. 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 \$0.05 for 60 months.

At the time of this report there are 66,097,785 common shares issued.

## 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, 2020			December 31, 2019		
	Options	Weighted average exercise price		Options	Weighted average exercise price	
Options outstanding, beginning of period	6,300,000	\$ 0.07		6,300,000	\$ 0.05	
Granted	-	-		2,000,000	0.11	
Expired/Cancelled	-	-		(1,950,000)	0.05	
<b>Options outstanding, end of period</b>	<b>6,300,000</b>	<b>\$ 0.07</b>		<b>6,350,000</b>	<b>\$ 0.07</b>	
				<b>2020</b>	<b>2019</b>	
Options exercisable, end of period				6,350,000	6,350,000	
Weighted average contractual remaining life (years)				2.24	2.49	

2,000,000 options were issued during 2019 under the 2019 Incentive Stock Option Plan which entitles the holders to acquire a common share of the Company at \$0.11 for 60 months.

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

Number outstanding	Exercise price (\$)	Expiry date
750,000	0.05	July 8, 2020
450,000	0.05	July 14, 2020
2,350,000	0.06	October 3, 2021
800,000	0.05	January 20, 2022
2,000,000	0.11	September 11, 2024
<b>6,350,000</b>		

Share-based compensation of \$nil was incurred during 2020 (2019 - \$219,013).

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 (2018 - \$nil), average risk-free interest rate of 1.43% (2019 - 1.12%), expected life of 5 years (2019 - 5 years), stock price of \$0.11 (2019 - \$0.04) and an expected volatility of 253% (2019 - 321%).

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, 2019 and 2018:

	March 31, 2020			December 31, 2019		
	Warrants	Weighted average exercise price		Warrants	Weighted average exercise price	
Beginning of year	15,531,000	\$ 0.05		15,351,000	\$ 0.05	
Granted	-	-		-	-	
Exercised	-	-		-	-	
Cancelled/Expired	-	-		-	-	
<b>Warrants outstanding, end of period</b>	<b>15,351,000</b>	<b>\$ 0.05</b>		<b>15,351,000</b>	<b>\$ 0.05</b>	

	2020	2019
Weighted average contractual remaining life (years)	1.23	2.50

Summary of post consolidation warrants outstanding at March 31, 2020:

Number outstanding	Exercise price (\$)	Expiry date
5,000,000	0.05	December 2, 2020
10,351,000	0.05	September 28, 2021
<b>15,351,000</b>		

### Contributed surplus

Contributed surplus includes the accumulated fair value of agent options and fair value of finders' warrants granted on private placements and the accumulated fair value of expired or cancelled stock options and unit warrants. Contributed surplus is comprised of the following:

	Options	Warrants	Total
December 31, 2019	\$ 3,680,781	\$ 3,045,109	\$ 6,725,890
Options expired	-	-	-
Warrants expired	-	-	-
<b>March 31, 2020</b>	<b>\$ 3,680,781</b>	<b>\$ 3,045,109</b>	<b>\$ 6,725,890</b>

### Loss per Share

Periods ended		March 31, 2020		December 31, 2019
Numerator: Net income / (loss) attributable to common shareholders – basic and diluted	\$	(103,287)	\$	940,267
Denominator: Weighted average number of common shares outstanding – basic and diluted		66,097,785		66,097,785
Basic and diluted earnings per share	\$	0.00	\$	0.01

Diluted earnings per share did not include the effect of 6,350,000 (2019 – 6,350,000) share purchase options, 15,351,000 (2019 – 15,351,000) 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.**