



# Gungnir Resources Inc.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months ended March 31, 2017

DATED May 30, 2017

### 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. The Company also continues to evaluate opportunities for its flake graphite property in British Columbia and other opportunities as they arise.

This MD&A is dated May 30, 2017 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, 2016 and related notes attached thereto (the “2015 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 annual management discussion and analysis (“Annual 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 Annual 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 Annual MD&A.

## **Outlook**

Moving forward Gungnir plans to continue to focus efforts on its exploration properties in mining-friendly Sweden with the goal of discovery of high-quality gold and base metal deposits with particular focus on its Knaften gold property. We continue to seek potential sources of funding or partnerships for our current properties, and actively monitor other new quality opportunities that present themselves in the mining sector.

## **Overall Performance**

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

The Company has received the first annual Royalty Payment of \$1,000,000 on May 1, 2017 from the sale of the Kenville Gold Property in May of 2014. Further the Company expects to receive the additional four (4) payments totalling \$4,000,000 with annual payments of \$1,000,000 starting on or before the fourth anniversary following the closing date. Total consideration for the purchase of the Property was CDN\$5,900,000 satisfied by the delivery to Gungnir of a \$100,000 non-refundable deposit and an additional payment of \$800,000 received on the close of the transaction on May 1, 2014, the \$1,000,000 payment received on May 1, 2017 plus the ensuing annual Royalty Payments.

## **Results of Operations**

Management continues to be focused on managing its capital while seeking sources of funding as well as other opportunities to build shareholder value. The recent receipt of the first annual Royalty Payment of \$1,000,000 has provided the Company with enough working capital to initiate its 2017 exploration work in Sweden. For the next phase of exploration, the Company is planning geophysical surveys over new gold targets and potential base metal mineralization at its Knaften property with the prime objective to identify quality drill targets.

The Knaften region is a promising target as it covers up-ice of a very large glacial till anomaly, one of the largest known in Sweden, which has yet to be fully sourced. In 2014 we discovered a new gold prospect area in outcrop and local boulders assaying up to 8.52 g/t Au. The discovered gold mineralization occurs in rocks with disseminated sulphides which is an attractive style as it offers excellent potential for continuity and a geophysical target to set-up drilling. Several targets will be surveyed on the Knaften property including the new gold prospect area and additionally a massive sulphide surface exposure. An Induced Polarization (IP) survey is planned to cover a large cluster of locally derived boulders (up to 8.52 g/t Au) in the south half of the property where gold mineralization occurs with disseminated sulphides, including pyrrhotite (magnetic Fe-sulphide), making it an ideal target for IP geophysics and magnetics. Potential targets in the largely unexplored north half of the property will be surveyed with magnetics only, with results then compared to the magnetic signatures over the gold target area to the south. Several test electromagnetic (EM) survey lines are planned over exposed massive sulphides for initial determination of depth and strike extent. The massive sulphides have been identified as having a volcanogenic massive sulphide (VMS) base metal signature by Gungnir.

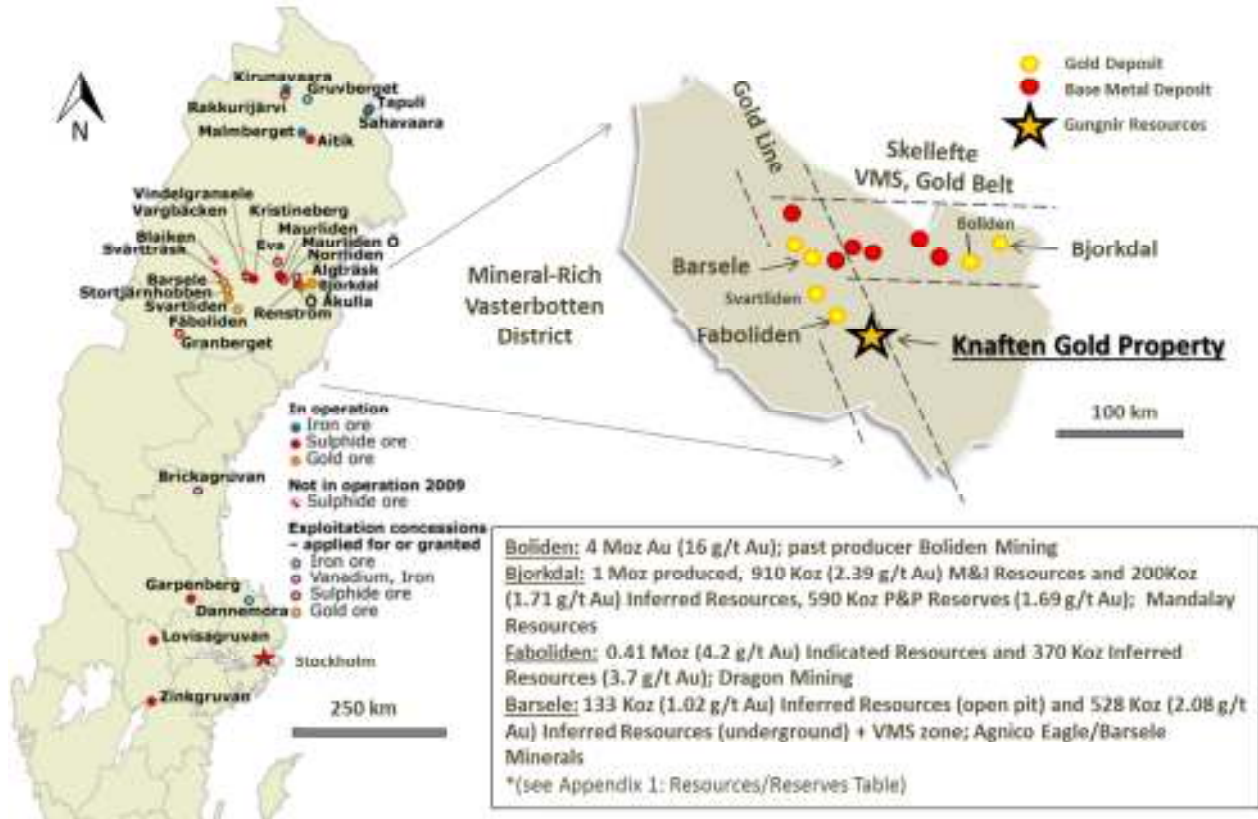
In December of 2016, Gungnir Resources Inc. expanded its Knaften property in northern Sweden to cover significant historical drill intersections by staking additional ground contiguous to the existing region.

The Company has recently received the initial exploration permits for geophysical work at its Knaften property in northern Sweden. Knaften is situated at the southern extension of the “Gold Line” in the Skellefte belt which hosts a number of gold deposits including Faboliden, Barsele and Svartliden which are actively either being explored or evaluated for mining. The Skellefte belt is an active mining region which hosts 12 million ounces of gold delineated in existing and mined resources plus several past-producing and producing base metal mines.

## **Exploration and Evaluation Properties**

### **Sweden Properties**

Gungnir Resources' Sweden gold exploration properties, Knaften and Nordanas, cover 65.5 sq. km within in a highly under-explored and prospective area ("Gold Line") in the Skellefte Mining District of northern Sweden. The region hosts more than 12 million ounces of gold delineated in existing and mined resources plus several producing and past-producing VMS base metal mines. The main target is a large intrusion-related gold deposit. Initial prospecting by Gungnir has identified large clusters of anomalous gold and associated pathfinder elements in locally derived glacial boulders and in outcrop.



**Knaften:** The Knaften property measures 57.8 sq. km in size and consists of the Knaften nr 100 and 200 and 300 permits. The property covers Au geochemical and related pathfinder anomalies (As, Mo) in boulders and outcrop along a developing 8 km long geochemical-magnetics trend along the western contact of a granitic intrusion that cores the Knaften greenstone belt. The main source of the large Au-in-till anomaly (one of the largest in Sweden) to the southeast is believed to be located within the Knaften belt. The Knaften belt also offers potential for volcanogenic massive sulphide (VMS) base metals.

Gungnir has expanded its Knaften property in northern Sweden to cover significant historic drill intersections; highlights include:

- **3.45 g/t Au over 10.75 m** (from 67.05 to 77.80 m) in hole 96009
- **3.20 g/t Au over 10.00 m** (from 83.50 to 93.50 m) in hole 200707
- **3.11 g/t Au over 8.00 m** (from 135.80 to 143.80 m) in hole 200714
- **2.13 g/t Au over 14.45 m** (from 55.00 to 69.45m) in hole KNA01001
- **2.01 g/t Au over 6.70 m** (from 190.50 to 197.20 m) in hole 200710
- **2.89 g/t Au over 5.00 m** (from 118.80 to 123.80 m) in hole 200715

True widths of the drill hole intersections reported in the "highlights" above cannot be determined from the information available.

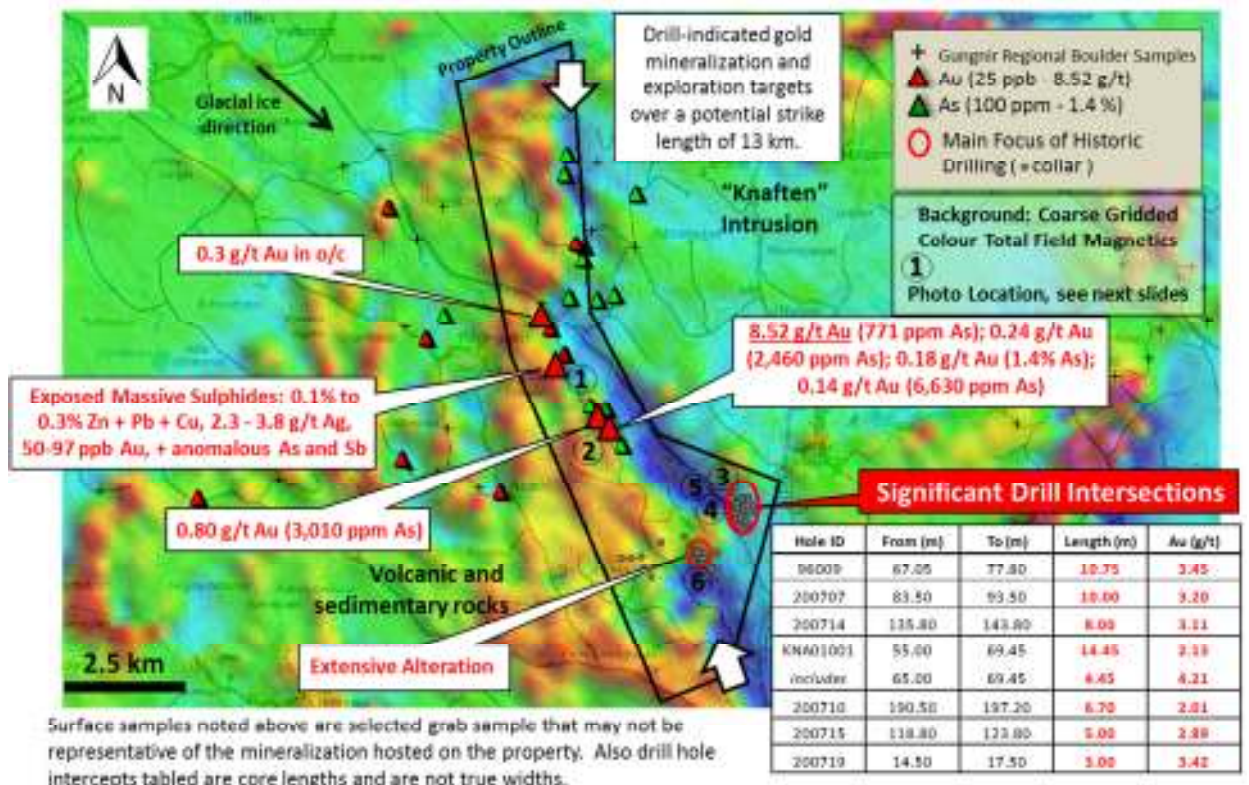
This is an important acquisition for the Company as it further validates the potential at Knaften and our exploration model. The new permit was granted through a dispensation from the mining inspector in Sweden which allowed us to acquire the property before open staking. Our 100% held Knaften property now covers historic drill-indicated gold mineralization and exciting new exploration targets over a potential strike length of 13 km. It is apparent that most of the historic drilling has been at shallow depths and focused in mainly two small areas thus leaving tremendous exploration potential.

Drilling was carried out over several phases from 1995 to 2010 by Swedish exploration groups including North Atlantic Nickel (NAN) and most recently Lappland Goldminers. Drilling was concentrated mainly in two areas approximately 3 km south of Gungnir's new gold prospect area which the Company discovered in 2014. As described by Lappland Goldminers, gold mineralization is found as sparse, visible gold grains hosted in a quartz diorite intrusion with breccias and weak arsenopyrite disseminations, quartz veining with carbonate and sericite alteration. A total of 13,050 metres has been drilled in 86 holes. Assay results are incomplete or not reported for 27 holes.

The Company believes the Knaften property is prospective intrusion-related gold target with gold mineralization occurring along the western margin of the "Knaften" intrusion in both the intrusive (our new addition) and adjacent sedimentary and volcanic rocks as disseminated replacement style mineralization (Gungnir's 2014 discovery area, up to 8.52 g/t Au). Intrusion-related gold systems are an economically important class of gold deposits which are attractive targets as their size can be very large with open pit grades to high-grade gold. The property also covers up-ice of a very large glacial gold in till anomaly, one of the largest known in Sweden which has yet to be fully sourced, making Knaften that much more of an attractive target.

In March 2017, the Company reported results of initial confirmation sampling at its recently acquired Knaften property extension in Sweden. Gungnir's assays from drill core returned 2.92 g/t Au over 13 metres and spot assay checks confirm highly anomalous gold mineralization within broad zones of highly altered rocks two kilometres away.

Nordanas: The 7.7 sq. km Nordanas property is situated about 30 km southwest of Knaften and consists of the single Volmsjo permit. The Company dropped the Nordanas claims as it will focus its exploration on the Knaften property in 2017 and beyond. The Company wrote down \$148,820 during 2016 against this exploration property.



## Rormyrberget and Lappvattnet

The Company staked two nickel deposits with historical resources in the Vasterbotten District of northern Sweden in February of 2015.

### **Acquired Deposits and Historical Estimates (Note 1):**

<b>Deposit</b>	<b>Tonnes</b>	<b>Ni%</b>	<b>Cu%</b>	<b>Co%</b>	<b>Ni lbs (millions)</b>
Rormyrberget	6,370,000	0.35	0.04	0.01	48.7
Lappvattnet	1,139,000	0.91	0.19	0.02	22.9
					71.6

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.

### **Overview**

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.

The deposits were discovered in the 1970's by the Swedish State Mining Property Commission (NSG) and were subsequently held by Outokumpu Mining. Exploration included geophysical surveying, extensive drilling (~35,000 metres), metallurgical test work as well as development of an exploration shaft and drifting on the 120 metre level at the Lappvattnet deposit and initial resource estimates for both deposits in 1987. Most recent work (from 2003) includes geophysical surveys and drilling by North Atlantic Natural Resources or NAN (owned by Lundin Mining) and Blackstone Ventures Inc. under an option agreement with NAN in 2006. Following confirmation drilling at both deposits, Blackstone contracted Reddick Consulting Inc ("RCI") to up-grade the 1987 historic resources. (RCI report; see Note 1). Shortly after completion of the RCI report, Blackstone shelved the projects due to the major collapse in the price of nickel in 2007 through 2009. The permits were recently finally cancelled by the Swedish mining authority and both deposits came open for staking.

### **Highlights of Previously Reported Drill Hole Intersections (Note 2):**

#### **Rormyrberget**

<b>Hole No</b>	<b>From</b>	<b>To</b>	<b>Length (m)</b>	<b>Ni (%)</b>	<b>Cu (%)</b>	<b>Co (%)</b>
ROR-08 *	122.0	163.0	41.0	0.52	0.09	0.02
includes	146.0	163.0	17.0	1.01	0.18	0.03
includes	150.3	155.3	5.0	1.59	0.27	0.04
ROR-09 *	151.0	276.0	125.0	0.39	0.05	0.02
includes	157.9	177.6	19.7	1.16	0.16	0.04
includes	159.9	162.8	2.9	2.80	0.26	0.10
ROR-11 *	14.9	68.1	53.2	0.38	0.04	0.01
includes	33.5	35.5	2.0	3.95	0.14	0.14

#### **Lappvattnet**

Hole No	From	To	Length (m)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	TPM
LAP07-02 *	70.0	91.0	21.0	1.07	0.09	0.03	0.640	0.340	0.071	1.051
includes	76.4	81.4	5.0	3.21	0.06	0.08	2.690	1.400	0.190	4.280
LAP74226 #	92.5	97.9	5.4	1.44	0.19	0.03				
LAP75001 #	78.4	81.9	3.5	1.57	0.32	0.01				

TPM: Total Precious Metals (Pt+Pd+Au); precious metals not reported for historic drill holes LAP74226 and LAP75001 in RCI report (see Note 1).

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.

### Next Steps

As the markets continue to improve, the Company will evaluate its options moving forward with the Lappvattnet and Rormyrberget nickel deposits. Current and future options will include seeking a partner or purchaser for these assets.

### Notes:

1. 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"). These historical estimates cannot be fully verified, and are only referred to in this news release as an indication of previously defined nickel mineralization. Gungnir has not taken steps to identify what work needs to be done to upgrade or verify the historical estimates as current mineral resources or mineral reserves, and has no immediate plans to do so.

In the RCI report, historical resource estimates at Lappvattnet were estimated using a US\$100 gross metal value (GMV) cut off using metal prices of US\$8.00 for nickel, US\$2.00 for copper, US\$8.00 for cobalt. At Rormyrberget historical resources were estimated using a US\$40 gross metal value (GMV) cut off using the same metal prices. At the Lappvattnet deposit RCI estimated the historical mineral resources using polygonal estimation methods whereas the historical mineral resources at the Rormyrberget deposit were estimated by RCI using by 3D computer block modelling and an Ordinary Kriging (OK) grade interpolation method. Historical mineral resources are not current mineral resources or mineral reserves and do not have any demonstrated economic viability. The estimate of the RCI historical mineral resources may be materially affected by commodity prices, environmental, permitting, legal, title, socio-political, marketing, or other relevant issues. The quantity and grade of reported historical resources in the RCI estimation are uncertain in nature and there has been insufficient exploration to define these historical resources as current mineral resources and it is uncertain if further exploration will result in upgrading them to current mineral resources or mineral reserves. The RCI historical mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005. Further work recommended by RCI includes: metallurgical testing, undertaking a survey to obtain baseline environmental data, re-sampling of archived drill core and continued deposit definition drilling.

2. From Blackstone Ventures Inc. news releases dated May 8, 2007 and June 23, 2008 (\*) and table of historic drill hole intersections in RCI report (#).

### Blu Starr, Canada

The Blu Starr property covers a 65 square km staked claim group located near Slocan, British Columbia. The property is located next to Eagle Graphite's graphite mill and hosts numerous flake graphite occurrences. The Company continues to evaluate opportunities for this property. The Company wrote down the Blu Starr property in 2015 as it shifted its exploration focus to its properties in Sweden.

### Disposition of the Kenville Gold Mine Property

On March 3, 2014 the Company entered into a binding letter agreement (the "Letter Agreement") to sell its Kenville Gold Property (the "Property"), located in south-eastern BC, to 0995237 B.C. Ltd., a private BC based company.

Total consideration for the purchase of the Property was CDN\$5,900,000 satisfied by the delivery to Gungnir of a \$100,000 non-refundable deposit and an additional payment of \$800,000 received on the close of the transaction on May 1, 2014. The Company has received the first annual payment of \$1,000,000 on May 1, 2017 and expects to

receive four (4) payments totalling \$4,000,000 with annual payments of \$1,000,000 starting on or before the fourth anniversary following the closing date.

Completion of this transaction provides the Company with important short term cash and allowed us to move forward with our rebranding initiatives that we believe will greatly improve the Company's future ability to grow and increase shareholder value.

#### Exploration and Evaluation Properties as at March 31, 2017:

Exploration and Evaluation Properties	December 31, 2016	Exploration and evaluation	Impairment	Loss on sale of property/ Recoveries	December 31, 2016
Blu Starr 6(b)	-	-	-	-	-
Gungnir Property 6(c) and (d)	572,417	1,830	-	-	574,247
	572,417	1,830	-	-	574,247

#### 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.

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
			\$
Total Revenues	NIL	NIL	NIL
General & administrative expenses	470,461	354,495	563,668
Write off of exploration costs on outside properties and properties abandoned	148,820	2,084,982	1,480,202
Stock Based Compensation	121,004	12,472	97,425
Net (Loss) from continuing operations:			
- In total	618,746	2,437,545	9,397,798
- Basic and diluted loss per share	(0.01)	(0.05)	(0.23)

Total Assets	<b>882,984</b>	903,322	3,207,130
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 2017</b>	<b>Dec. 31 2016</b>	<b>Sept. 30 2016</b>	<b>June 30, 2016</b>	<b>March 31, 2016</b>	<b>Dec. 31 2015</b>	<b>Sept. 30 2015</b>	<b>June 30 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total	804,051	882,984	1,073,931	810,467	857,270	903,322	2,973,437	3,039,696
Assets								
Resource								
Properties	574,247	572,417	708,922	708,422	704,500	704,500	2,789,481	2,789,427
Working								
Capital	(22,207)	67,977	169,448	(62,084)	19,119	93,391	117,655	203,840
Revenues	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Loss	168,007	365,991	112,198	70,312	70,246	2,175,262	98,585	77,841
Loss per	.							
Share	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.05)	(0.00)	(0.00)

### Discussion

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

Any significant changes to the year ended 2016 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, 2017 and 2016:

For the Quarter Ended March 31,	<b>3 Months 2017</b>	3 Months 2016
<b>Operating Expenses</b>		
	\$	
General and administration	<b>24,124</b>	6,478
Compensation	<b>143,422</b>	64,001
Foreign exchange	-	-
Professional fees	<b>500</b>	-
<b>Other items</b>	<b>168,046</b>	70,479
Interest and other income	<b>(40)</b>	(233)
Write-down of exploration and evaluation properties and office equipment	-	-



<b>Loss before income taxes</b>		<b>168,007</b>	70,246
<b>Net loss and comprehensive loss for the period</b>	\$	<b>168,007</b>	70,246
Weighted average number of shares outstanding		<b>57,298,100</b>	47,087,141
<b>Basic and diluted loss per share</b>	\$	<b>(0.00)</b>	(0.00)

During the first quarter of 2017, Gungnir sustained a loss from operations of \$168,007 (Q1-2016 - \$70,246). Previous quarters for 2016 and 2015 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 2017 were \$24,124 compared to the same period in 2016 of \$6,478. The two contributing factors to the increase in G&A in Q1-2017 were Filing fees of \$9,523 compared to \$4,211 in Q1-2016; and Travel expenses also increased from \$537 in Q1-2016 to \$10,423 Q1-2017 as management had a business trip to Sweden during the period. Compensation was \$143,422 in Q1-2017 which consisted of \$79,679 of Stock Based Compensation and \$Nil in Q1-2016 with no Stock based Compensation for that period. Professional fees in Q1-2017 were \$500 (Q1-2016 - \$Nil).

### Liquidity

Gungnir does not currently have any producing mineral properties and our current operations on our various properties are exploratory searches for mineable mineral deposits. During the period ended March 31, 2017 and since May of 2014, Gungnir has implemented a new corporate structure enabling it to focus its exploration activities in prospecting the Knaften property in Sweden targeting a large intrusion related gold deposit. The Company is also evaluating opportunities for its Blu Starr flake graphite property in British Columbia.

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.

During September of 2016 the Company completed a non-brokered private placement of 12,000,000 Units at \$0.03 per Unit for gross proceeds of \$360,000. Each Unit consisted of one common share and one share purchase warrant exercisable to purchase an additional common share for a period of five years, subject to an acceleration clause, at an exercise price of \$0.05 per share.

In December of 2015, the Company closed a non-brokered private placement financing by issuing 6,200,000 units (the "Units") of the Company at a price of \$0.01 per Unit for gross proceeds of \$62,000. Each Unit consisted of one (1) common share of the Company priced at \$0.01 and one (1) warrant (a "Warrant"). Each Warrant entitles the holder to acquire an additional common share for sixty (60) months from the closing at a price of \$0.05 per common share. No finder fees were paid in connection with the private placement. Insiders of the Company subscribed for \$30,000 of the total proceeds for 3,000,000 Units.

Due to the sale of the Kenville Mine property the Company received a cash payment of \$900,000 in 2014 and holds a long term Royalty Stream against the remaining \$5,000,000 of the \$5,900,000 purchase price. This Royalty Stream

will be satisfied by five (5) annual payments of \$1,000,000 starting on or before May 1, 2017. The remaining payments are secured by a Royalty Agreement registered on title to the Kenville Gold Property and a Specific Security Agreement registered under the Personal Property Registry, British Columbia.

At March 31, 2017 the Company had a working capital deficiency of \$22,207 at Q1-2017 (Q1-2016 - \$19,119). At the time of this report the Company does have sufficient funds to meet its general and administrative expenses through 2017 due to the receipt of the May 1, 2017 Advanced Royalty payment of \$1,000,000 from the sale of the Kenville Mine property.

### **Capital Resources**

At March 31, 2017 Gungnir had paid up capital of \$30,065,837 representing 63,248,785 common shares without par value, and an accumulated deficit of \$36,634,386, resulting in a shareholder's equity (or net assets) of \$804,051 (December 31, 2016 - \$882,984). Gungnir has a working capital deficiency of (\$22,207) at March 31, 2017 and working capital of \$67,977 at December 31, 2016.

### **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 which are measured at the exchange amount. The following are the related party transactions for the year:

Salaries paid to key management personnel for the period ended March 31, 2017 total \$30,750 (Q1-2016 - \$30,750). Stock-based compensation paid to key management personnel for this quarter was \$79,679 and \$Nil for the same period in 2016 Key management personnel are comprised of the Company's Chief Executive Officer and Chief Financial Officer. At March 31, 2017 accounts payable and accrued liabilities include \$215,225 (Q1-2016 - \$184,475) 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, 2017.

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.

### **Property, plant and equipment**

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, using the straight-line method at various rates ranging from 3 years to 5 years.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of loss and comprehensive loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

### **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, 2017, and have been consistently followed in the preparation of these financial statements.

#### **New accounting standards adopted during the year**

IAS 32, Financial Instruments, Presentation ('IAS 32')

Amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2014, the Company adopted this pronouncement and there was no material effect on its consolidated financial statements.

IFRIC 21, Levies ('IFRIC 21')

IFRIC 21 is effective for the Company beginning on January 1, 2014. The interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, as well as addressing what the obligating event is that gives rise to pay a levy and when should a liability be recognized. At January 1, 2014, the Company adopted IFRIC 21 and there was no material impact on the Company's consolidated financial statements.

IFRS 2, Share-based Payment ('IFRS 2')

The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Company adopted the amendments and there was no material impact on the Company's consolidated financial statements.

#### **Future accounting pronouncements**

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39") for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 will be effective as at January 1, 2018. The Company is in the process of assessing the impact of this pronouncement. The extent of impact has not yet been determined.

#### IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15 was issued by IASB in May 2014 and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of analyzing IFRS 15 and determining the effect on its financial statements as a result of adopting this standard.

#### IAS 24, Related Party Disclosures (“IAS 24”)

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company is in the process of assessing the impact of this pronouncement.

### **Business combination, Consolidated Financial Statements and Non-controlling interest**

For interim and annual financial statements relating to its fiscal year commencing on or after January 1, 2011, the Company was required to adopt new CICA Section 1582 “Business Combinations”, Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests”. Section 1582 replaces existing Section 1581 “Business Combinations”, and Sections 1601 and 1602 together replace Section 1600 “Consolidated Financial Statements.” The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 “Business Combinations” and International Accounting Standard IAS 27 “Consolidated and Separate Financial Statements” respectively. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

### **Disclosure Controls and Procedures**

As of March 31, 2017, 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.

During September of 2016 the Company completed a non-brokered private placement of 12,000,000 Units at \$0.03 per Unit for gross proceeds of \$360,000. Each Unit consisted of one common share and one share purchase warrant exercisable to purchase an additional common share for a period of five years, subject to an acceleration clause, at an exercise price of \$0.05 per share.

At the time of this report there are 63,248,785 common shares issued.

## Share-based Compensation

### Options

The Company has adopted a 2015 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, 2017			December 31, 2016		
	Options	\$	Weighted average exercise price	Options	\$	Weighted average exercise price
Options outstanding, beginning of period	6,300,000		0.11	3,850,000		0.14
Granted	800,000		0.05	2,450,000		0.06
Expired/Cancelled	(800,000)		0.50			
<b>Options outstanding, end of period</b>	<b>6,300,000</b>	<b>\$</b>	<b>0.05</b>	<b>6,300,000</b>	<b>\$</b>	<b>0.11</b>
				<b>2017</b>		<b>2016</b>
Options exercisable, end of period				6,300,000		6,300,000
Weighted average contractual remaining life (years)				3.67		3.28

2,450,000 options were issued during 2016 under the 2015 Incentive Stock Option Plan which entitles the holders to acquire a common share of the Company at \$0.06 for 60 months.

800,000 options were issued during 2017 under the 2015 Incentive Stock Option Plan which entitles the holders to acquire a common share of the Company at \$0.05 for 60 months.

Summary of post consolidation stock options outstanding at March 31, 2017:

Number outstanding	Exercise price (\$)	Expiry date
1,750,000	0.05	July 4, 2019
850,000	0.05	July 8, 2020
450,000	0.05	July 14, 2020
2,450,000	0.06	October 3, 2021
800,000	0.05	January 20, 2022
<b>6,300,000</b>		

Share-based compensation of \$79,679 was incurred during Q1-2017 (Q1-2016 - \$Nil).

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 (2016 - \$nil), average risk-free interest rate of 1.17% (2016 – 0.62%), expected life of 5 years (2016 – 5 years), stock price of \$0.10 (2016 - \$0.05) and an expected volatility of 246% (2016– 226%).

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 period ended March 31, 2017 and year ended December 31, 2016

	March 31, 2017			December 31, 2016		
	Warrants	Weighted average exercise price		Warrants	Weighted average exercise price	
Beginning of year	7,800,000	\$ 0.05		7,800,000	\$ 0.05	
Granted	12,000,000	0.05		12,000,000	0.05	
Exercised	-	-		-	-	
Cancelled/Expired	-	-		-	-	
<b>Warrants outstanding, end of period</b>	<b>19,800,000</b>	<b>\$ 0.05</b>		<b>19,800,000</b>	<b>\$ 0.05</b>	
				<b>2017</b>	<b>2016</b>	
Weighted average contractual remaining life (years)				3.90	4.14	

Summary of post consolidation warrants outstanding at March 31, 2017:

Number outstanding	Exercise price (\$)	Expiry date
1,600,000	0.05	June 30, 2017
6,200,000	0.05	December 2, 2020
12,000,000	0.05	September 28, 2021
<b>19,800,000</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, 2016	\$ 3,463,693	\$ 3,005,237	\$ 6,468,930
Options expired	141,600	-	141,600
Warrants expired	-	-	-
<b>March 31, 2017</b>	<b>\$ 3,605,293</b>	<b>3,005,237</b>	<b>\$ 6,610,530</b>

### Loss per Share

Periods ended	March 31, 2017	March 31, 2016

Numerator: Net income / (loss) attributable to common shareholders – basic and diluted	\$	(168,007)	\$	(70,246)
Denominator: Weighted average number of common shares outstanding – basic and diluted		57,298,100		47,087,141
Basic and diluted income / (loss) per share	\$	(0.00)	\$	(0.00)

Diluted loss per share did not include the effect of 6,300,000 (December 2016 – 6,300,000) share purchase options, 19,800,000 (December 2016 – 19,800,000) warrants as they are anti-dilutive.

### **Subsequent Events**

The Company has received the first annual Royalty Payment of \$1,000,000 on May 1, 2017 from the sale of the Kenville Gold Property in May of 2014. Further the Company expects to receive the additional four (4) payments totalling \$4,000,000 with annual payments of \$1,000,000 starting on or before the fourth anniversary following the closing date. Total consideration for the purchase of the Property was CDN\$5,900,000 satisfied by the delivery to Gungnir of a \$100,000 non-refundable deposit and an additional payment of \$800,000 received on the close of the transaction on May 1, 2014 and the first of the five annual payments of \$1,000,000 received on May 1, 2017.

### **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.**