

GUNGNIR

Gungnir Resources Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the years ended December 31, 2019 and 2018

DATED April 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. 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 April 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 “2019 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

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.

For a third year in a row, the Company made a new discovery on its Knaften property. The Company drilled stacked gold mineralization at its Knaften 300 Gold Zone, including discovery of a new lower zone with high-grade gold (59.60 g/t Au). In prior years, Gungnir discovered copper-nickel mineralization (2017) and new volcanogenic massive sulphide type mineralization (Rodingtrask target in 2018), both also on the Knaften property.

On October 31, 2019, 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 from Ximen Mining Corp (XIM: TSX-V). Payments in 2019 from the Kenville sale also included \$500,000 in cash plus the Company realized \$97,339.48 from the sale of 200,000 in common shares of Ximen as part of the final payment. In addition to these payments, the Company had received earlier payments totaling \$3,000,000 in 2014, 2017 and 2018 from the original purchaser.

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 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 agreement with Ximen 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.

Annual General Meeting

Gungnir Resources Inc. shareholders approved all the resolutions put before them at the Company's annual general meeting (AGM) held September 11, 2019, in Surrey, B.C. At the AGM, shareholders voted in favour of resolutions to:

1. Set the number of directors at four (99.90 per cent);
2. Re-elect Jari Paakki, Chris Robbins, Todd Keast and Garrett Macdonald as directors for the ensuing year (all more than 98.0 per cent);
3. Appoint DeVisser Gray LLP as the auditor for the ensuing year and authorize the directors to fix the auditor's remuneration (99.99 per cent);
4. Reapprove the company's stock option 10-per-cent rolling plan (92.33 per cent).

Following the AGM, the board of directors reappointed Mr. Paakki as chief executive officer and Mr. Robbins as chief financial officer and corporate secretary of the Company. The Company has also granted, in compliance with the Company's stock option plan, two million incentive stock options to purchase common shares of the Company at 11 cents per share for five years to the directors of the Company.

Exploration

Drilling commenced on June 3, 2019 on the Company's Knaften property and final results of the 2019 drill program were announced on November 5, 2019. The first five holes drilled focused initially on the Rodingtrask volcanogenic massive sulphide (VMS) target on the Company's Knaften property. Rodingtrask was discovered in 2018 with Gungnir's first hole testing a large geophysical conductor. The discovery consists of a broad zone of base metal enrichment (zinc and copper) in core lengths over 100 metres starting just below surface, and favourable VMS geology and alteration. The goal is to locate the core of the mineralized system targeting potential higher-grade massive sulphide mineralization with additional drilling. Gungnir also tested for extensions of the Knaften 300 Gold Zone in 2019, both on the Knaften property.

Rodingtrask VMS Target

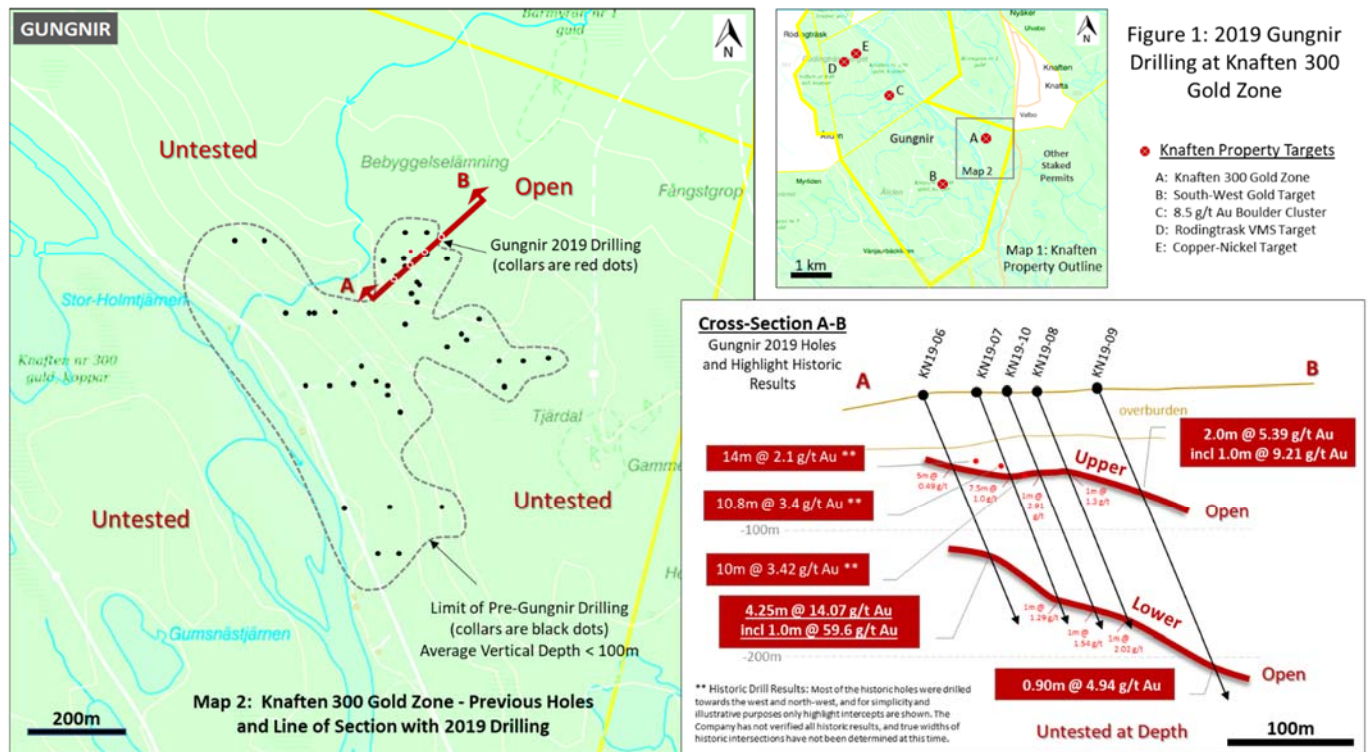
At the Rodingtrask target, five holes were completed. Holes KN19-01 to KN19-05 all encountered variably anomalous base metals including nickel and copper. To date, Gungnir has completed just nine holes in this large area of the property and the Company is now in a position where it can start utilizing drill results (for metal vectors) to tighten the search area for a potential massive sulphide deposit at Rodingtrask.

Knaften 300 Gold Zone

The Company was successful with five-for-five drill holes this year testing a new structural model at the Knaften 300 Gold Zone. Each of the five holes cut two mineralized zones including discovery of a new lower zone with high-grade gold (59.60 g/t Au). With our recently received cash payment of \$1 million Gungnir is in good financial shape and plans are to continue drilling at Knaften in 2020.

Results from holes KN19-06 through KN19-10 continued to demonstrate continuity of two gold zones at the Knaften 300 Gold Zone and further discovery potential. New assays include an upper zone intercept of 5.39 g/t Au over 2 metres (includes 9.21 g/t Au over 1 metre) and 4.94 g/t Au over 0.90 metres in the lower zone in hole KN19-09. A total of 1900 meters were drilled in 2019 on the Knaften property.

Knaften 300 consists of two sub-parallel gold zones (Upper and new Lower Zone) hosted within disseminated arsenopyrite mineralization. The shallow-dipping zones extend down-dip for close to 250 metres to the east, beyond historic drilling, and are open for expansion. With a working thrust-fault model, there is a possibility of additional stacked zones (mineralized thrust faults) at depth. Further out, areas to the north, south and west of Knaften 300 also remain untested.



2019 Knaften 300 Gold Zone Results

Hole ID	Zone	From (m)	To (m)	Length (m)	Au (g/t)
KN19-08	Upper	66.00	67.00	1.00	1.30
		67.00	67.70	0.70	0.94
	Lower	203.70	204.00	0.30	0.84
		204.00	205.00	1.00	2.02
KN19-09	Upper	95.00	96.00	1.00	1.08
		98.00	100.00	2.00	5.39
	including	98.00	99.00	1.00	9.21
	including	99.00	100.00	1.00	1.57
	Lower	242.10	243.00	0.90	4.94
KN19-10	Upper	57.00	57.25	0.25	2.90
		60.00	61.00	1.00	2.91
	Lower	162.00	163.00	1.00	1.54
KN19-06	Upper	62.50	67.50	5.00	0.49
	Lower including	138.75	143.00	4.25	14.07
		142.00	143.00	1.00	59.60
		177.00	178.00	1.00	0.93
KN19-07	Upper including	70.65	78.15	7.50	1.00
		75.00	76.05	1.05	2.14
	Lower	182.00	182.65	0.65	0.81
183.00		184.00	1.00	1.29	

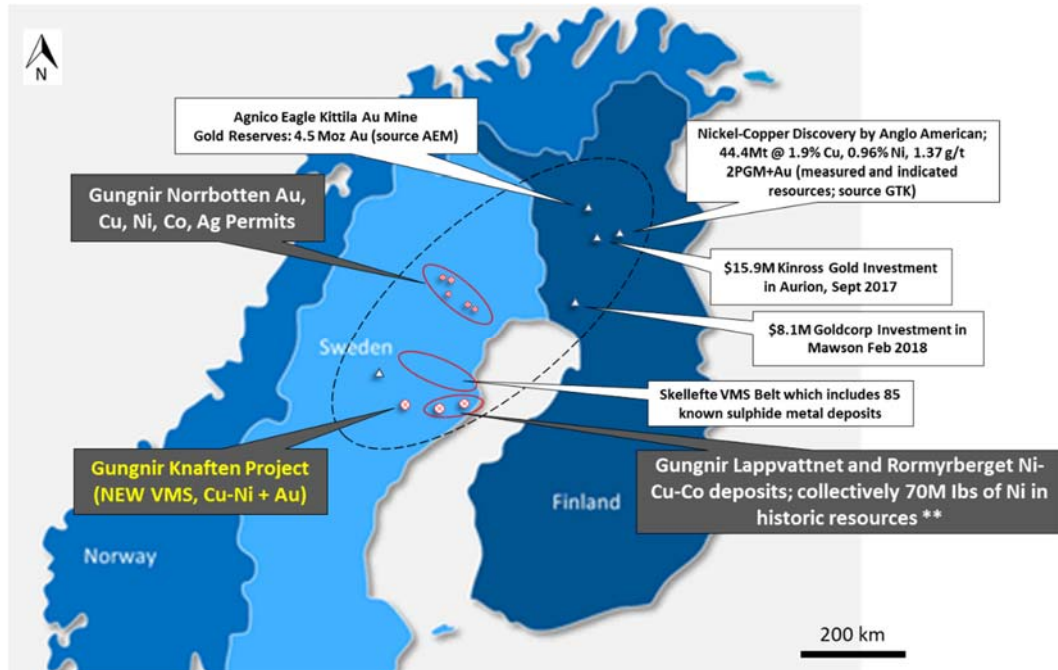
All intersections are estimated to be about 80-90% of core lengths reported.

Analyses and QA/QC

All samples referred to in this release were tested at ALS Laboratories in Galway, Ireland. Cutting of drill core and sample preparation was completed by ALS in Mala Sweden. A 51-element package (ultra trace level method ME-MS41) by Aqua Regia and ICP-AES/ICP-MS was employed and method Au-ICP21, a 30-gram fire assay with ICP-AES finish, was used for gold analysis. Over-limit gold (>10 g/t) employed method Au-GRAV21, a 30-gram fire assay (FA-GRAV finish). Control samples (accredited gold standards and blanks) were inserted into the sample sequence on a regular basis to monitor precision of results.

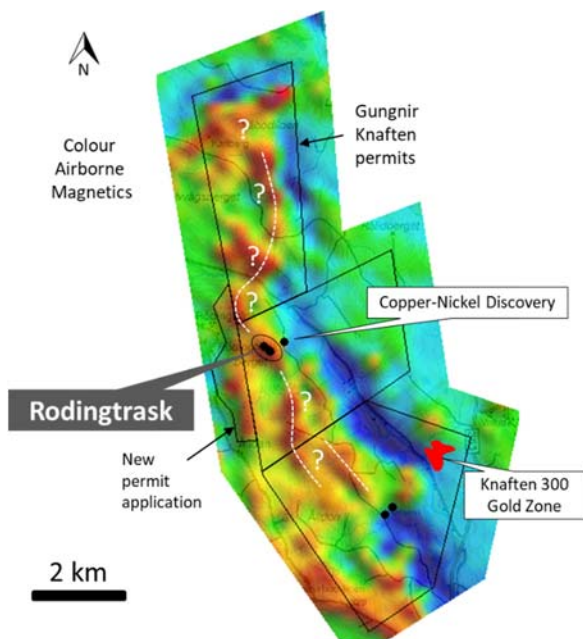
Exploration and Evaluation Properties

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 December 31, 2019:

Exploration and Evaluation Properties	December 31, 2018	Exploration and evaluation	Impairment	Loss on sale of property/ Recoveries	December 31, 2019
Gungnir Sweden Properties	1,336,496	439,251	-	-	1,775,747
	1,336,496	439,251	-	-	1,775,747

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 audited financial statements, prepared in accordance with International Financial Reporting Standards, and related notes.

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Revenues	NIL	NIL	NIL
General & administrative expenses	655,953	426,245	433,765
Write off of exploration costs on outside properties and properties abandoned	-	-	-
Stock Based Compensation	219,013	-	32,000
Comprehensive income from continuing operations:			
- In total	940,267	680,092	572,118
- Basic and diluted earnings per share	0.01	0.01	0.01
Total Assets	3,382,352	2,340,519	1,611,483
Total long-term liabilities	Nil	NIL	NIL
Cash dividends declared	Nil	NIL	NIL

Results of Operations

For the Years Ended December 31,	2019	2018
Operating Expenses		
General and administration	91,233	92,226
Compensation	533,913	312,104
Professional fees	30,807	21,915
Loss from operations	(655,953)	(426,245)
Other items		
Interest and other income	1,596,220	1,006,337
Comprehensive income for the year	940,267	680,092
Weighted average number of shares outstanding	66,097,785	65,335,818

Basic and diluted earnings per share	\$0.01	\$0.01
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Expenses:

The Company's expenses from operations for the years ended December 31, 2019 and 2018 are detailed as follows:

	2019	2018
General and administration		
Shareholder and regulatory	\$ 52,919	51,237
Travel and promotion	4,633	11,001
Office	30,788	29,988
General exploration	2,893	-
	91,233	92,226
Compensation		
Consulting fees and wages	\$ 314,900	312,104
Stock-based compensation	219,013	-
	\$ 533,913	312,104

During the fiscal year ended December 31, 2019 total assets increased to \$3,382,352 compared to December 31, 2018 assets of \$2,340,519; the increase is attributed to the receipt of the final annual Royalty payment completed October 31, 2019 from the sale of the Kenville property. As noted in the table above the net loss experienced by Gungnir is subject to wide variations arising from such matters as property write-downs and disposition and charges for stock-based compensations. These non-cash charges are subject to variations from year to year.

Gungnir's Operating Expenses ("OE") excluding non-cash expenditures (amortization and stock-based compensation) have been very comparable over the last three years as management continues to manage its endeavours in the slightly improved junior exploration markets. OE for the years ended December 31, 2019 and 2018 excluding non-capital items (depreciation and stock-based compensation) was \$436,940 and \$426,245 respectively. Management continues to manage expenses at the minimal whenever possible through 2019 and 2020. General and administrative fees remained relatively even at \$91,233 at year end 2019 (\$92,226 – 2018).

Consulting fees for the year ended 2019 were \$314,900 compared to \$312,104 in 2018. Shareholder and regulatory fees increased by \$1,682 to \$52,919 in 2019, (\$51,237 – 2018). Travel and promotion decreased in 2019 - \$4,633 compared to \$11,001 in 2018. Office expenses were similar at \$30,788 in 2019 compared to \$29,988 for the year ended December 31, 2018. Professional fees consisting of Accounting and Legal were \$30,807 and \$21,915 at year end December 31, 2019 and 2018 respectively. Gungnir’s total assets consist of cash and short-term GIC deposits plus its resource property costs. Working capital balance at year end 2018 was \$718,982 at December 31, 2018 compared to \$1,439,013 at year end 2019.

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.

	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30 2018	June 30, 2018	March 31, 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Resource Properties	1,775,747	1,713,628	1,402,148	1,364,922	1,336,496	1,231,098	897,519	892,039
Working Capital	1,439,013	611,685	1,120,734	588,399	718,982	864,654	1,280,158	318,212
Revenues	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Income (loss)	889,393	(416,506)	569,525	(102,145)	(57,705)	(116,941)	967,426	(112,687)
Earnings (loss) per share	0.01	(0.01)	0.01	0.00	(0.00)	(0.00)	0.02	(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 2019 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.

Fourth Quarter Results of Operations –December 31, 2019 and 2018:

For the Quarter Ended December 31,	3 Months 2019	3 Months 2018
Operating Expenses		
General and administration (recovery)	20,325	(31,245)
Compensation	77,083	76,591
Professional fees	18,446	14,030
	(115,854)	(59,376)
Other items		
Interest and other income	1,005,247	1,671
Income/(loss) before income taxes	889,393	(57,705)
Comprehensive income/(loss) for the period	\$ 889,393	(57,705)
Weighted average number of shares outstanding	66,097,785	65,335,818
Basic and diluted earnings/(loss) per share	\$ 0.01	(0.00)

During the fourth quarter of 2019, Gungnir sustained a loss from operations of \$115,854 (2018 - \$59,376). 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. Also in 2017, 2018 and finally the balance received in 2019 of the annual Royalty option proceeds of from the sale of the Kenville property were recorded.

Administrative costs were higher in the fourth quarter of 2019 compared to the same period in 2018 due to certain costs being capitalized during 2018 Q4. Compensation was \$76,591 during Q4-2018 and in Q4-2019 - \$77,083. Professional fees in Q4-2018 were \$18,446 (Q4-2018 - \$14,030). Exchange and Transfer fees in Q4-2019 were 6,604 (Q4-2018 - \$1,344), while Investor Relations in Q4-2019 were \$6,156 and 6,638 in Q4-2018.

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 in 2017, 2018 and 2019; the Rodingtrask VMS, a Cu-Ni target located only 400 metres to the east PLUS the recent drill success on the Knaften 300 gold zone this year. These targets add significant up-side to the Knaften project, and now the Company has numerous opportunities at deposit discovery by way of multiple targets and metals. All three targets on Knaften are wide-open for expansion and further discovery.

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, 2019 the Company had working capital of \$1,439,013 (December 31, 2018 - \$718,982). At the time of this report the Company does have sufficient funds to meet its general and administrative expenses through 2020.

Capital Resources

At December 31, 2019 Gungnir had paid up capital of \$30,239,021 representing 66,097,785 common shares without par value, and an accumulated deficit of \$34,273,902, resulting in a shareholder's equity (or net assets) of \$3,249,865 (2018 - \$2,090,585). Gungnir has working capital of \$1,439,013 at December 31, 2019 and had working capital of \$718,982 at December 31, 2018.

Business Risks, Uncertainties and Commitments

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

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

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

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

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

Related Party Transactions

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

Salaries paid to key management personnel for the year ended December 31, 2019 total \$417,739 (2018 - \$305,000). Stock-based compensation paid to key management personnel and directors for the year ended December 31, 2019 totalled \$219,013 (2018 – nil). Key management personnel are comprised of the Company's Chief Executive Officer and Chief Financial Officer.

At December 31, 2019, accounts payable and accrued liabilities include \$112,739 (2018 - \$225,597) due to directors and organizations controlled by directors.

Financial Instruments

Gungnir' financial instruments consist of cash, receivables, deposits and accounts payable and accrued liabilities. 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 annual financial statements for the year ended December 31, 2019.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 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 statements of comprehensive income or loss;
- the income taxes provision which is included in the statements of comprehensive income or loss and the composition of deferred income tax assets and liabilities which are included in the statements of financial position;
- the inputs used in determining the various commitments which are accrued in the 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 financial statements and measured using a fair value-based method.

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

Critical accounting policies and changes in accounting policies

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended December 31, 2019, and have been consistently followed in the preparation of these financial statements.

New accounting standards adopted during the year

IFRS 16, Leases ("IFRS 16")

The Company adopted the new IFRS pronouncement as at January 1, 2019 in accordance with the transitional provisions of the standard and as described below.

IFRS 16 establishes a new model for lease accounting and specifies how to recognize, measure, present and disclose leases. This standard provides a single lessee accounting model, requiring recognition of assets and liabilities for all leases, unless a lease term is 12 months or less or the underlying asset has a low value. The adoption of these new pronouncements has not resulted in any adjustments to previously reported figures.

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23")

On January 1, 2019 the Company adopted IFRIC 23 Uncertainty over Income Tax Treatments Leases which is effective for annual periods beginning on or after January 1, 2019.

This interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The adoption of IFRIC 23 will have no material impact on the Company's financial statements.

Future accounting pronouncements

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

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. Changes in accounting policies and correction of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. IAS 8 will be effective for annual periods beginning after January 1, 2019 and management is of the view that the adoption of it will have no material impact on the Company's financial statements.

Disclosure Controls and Procedures

As of December 31, 2019, 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. During June 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 entitled the holder to acquire an additional common share of the Company at \$0.05 per share for 36 months; which expired in 2017.

In November of 2015 the Company completed a non-brokered private placement of 6,200,000 Units at \$0.01 per Unit for gross proceeds of \$62,000. 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.

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 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.

	December 31, 2019			December 31, 2018		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Options outstanding, beginning of year	6,300,000	\$	0.05	6,300,000	\$	0.05
Granted	2,000,000		0.11	-		-
Expired/Cancelled	(1,950,000)		0.05	-		-
Options outstanding, end of year	6,350,000	\$	0.07	6,300,000	\$	0.05
			2019			2018
Options exercisable, end of year			6,350,000			6,300,000
Weighted average contractual remaining life (years)			2.49			1.92

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 stock options outstanding at December 31, 2019:

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
6,350,000		

Share-based compensation of \$219,013 was incurred during 2019 (2018 - \$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 (2018 - \$nil), average risk-free interest rate of 1.43%, expected life of 5 years, stock price of \$0.11 and an expected volatility of 253%.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

Warrants

The following table summarizes information about the warrants for periods ended December 31, 2019 and 2018:

	December 31, 2019			December 31, 2018		
	Warrants	Weighted average exercise price		Warrants	Weighted average exercise price	
Beginning of year	15,351,000	\$ 0.05		16,400,000	\$ 0.05	
Exercised	-	-		(1,049,000)	(0.05)	
Warrants outstanding, end of year	15,351,000	\$ 0.05		15,351,000	\$ 0.05	
			2019			2018
Weighted average contractual remaining life (years)			1.50			2.50

Summary of warrants outstanding at December 31, 2019:

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

Contributed surplus

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

	Options	Warrants	Total
December 31, 2018	\$ 3,605,293	\$ 3,045,109	\$ 6,650,402
Options expired	75,488	-	75,488
December 31, 2019	\$ 3,680,781	\$ 3,045,109	\$ 6,725,890

Loss per Share

Years ended	December 31, 2019	December 31, 2018
Numerator: Net income attributable to common shareholders – basic and diluted	\$ 940,267	\$ 680,092
Denominator: Weighted average number of common shares outstanding – basic and diluted	66,097,785	65,335,818
Basic and diluted earnings per share	\$ 0.01	\$ 0.01

Diluted earnings per share did not include the effect of 6,350,000 (2018 – 6,300,000) share purchase options, 15,351,000 (2018 – 15,351,000) warrants as they are anti-dilutive.

Subsequent Events

In March of 2020 the Company reported 50.91 g/t PGE's (39.0 g/t platinum, 11.8 g/t palladium, 0.11 g/t gold) and 2.13% nickel over 0.45 metres at 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 Company plans to continue drilling in early-summer 2020. The Company steadily continues to advance the Lappvattnet nickel project, we have completed 3-D modelling and geophysics, and now we are having a closer look at potential value-added precious metals. Initial 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. Further assays are pending.

Additional Information

Additional information is available at the Company website at www.gungnirresources.com or on its SEDAR page site accessed through www.sedar.com.

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