



Gungnir Resources Inc.

GUNGNIR RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016

DATED November 28, 2016

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 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.

This MD&A is dated November 28, 2016 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, 2015 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.

Cautionary Statement

Forward-Looking Information

This interim management discussion and analysis ("Interim MD&A") contains forward-looking statements and information relating to Gungnir Resources Inc. ("Gungnir" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to Gungnir. When used in this document, the words "anticipate", "believe", "estimate", and "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements.

This interim MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Gungnir' exploration properties. Many factors could cause the actual results,

performance or achievements of Gungnir to be materially different from any future results, performance or achievements whether expressed or implied by such forward-looking statements. Important factors are identified in this interim MD&A.

Overall Performance

The following summarizes the significant corporate events and results on our mineral projects during the first nine months of 2016 and at the date of this report.

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. We continue to seek potential sources of funding or partnerships for our current properties, and actively monitor other quality opportunities that present themselves in Sweden and elsewhere.

Results of Operations – Corporate

During the period ended September 30, 2016 and up to the time of this report 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, with each warrant exercisable to purchase one additional common share for a period of five years, subject to an acceleration clause, at an exercise price of \$0.05 per share.

In the event that the closing price of the Company's shares on the TSX Venture Exchange is \$0.20 per share or more for 21 consecutive trading days at any time subsequent to the expiry of six months from the date of issuance of the warrants, then Gungnir will earn the right, by providing notice to the warrant holders, to accelerate the expiry date of the warrants to that date which is 30 days from the date of the acceleration notice

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 financing has provided the Company with enough working capital to initiate its planned 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.

The Company is in the process of seeking approvals for geophysical work at its Knaften property in northern Sweden, and is awaiting final permissions. 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 Skefte 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

Kenville, Canada (Royalty)

The Company holds a \$5,000,000 royalty stream with initial annual payments of \$1,000,000 expected to start on or before May 1, 2017. The payments are related to sale of its Kenville property on March 3, 2014 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.

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.

Knaften-Nordanas, Sweden

The Knaften and Nordanas properties cover 51.7 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 regional clusters of anomalous gold and associated pathfinder elements in locally derived glacial boulders and in outcrop, including a 8.52 g/t Au boulder discovery and additionally discovery of exposed massive sulphides with a VMS base metal signature. The Company has recently reduced the size of the properties to hold only prospective ground. To continue advancing these properties additional geophysics is required to prioritize initial drill targets. At present all properties in Sweden (including the nickel properties described below) are grouped into "Gungnir Property" in the following table.

Rormyrberget-Lappvattnet, Sweden

On February 24, 2014, the Company announced that it successfully staked two nickel deposits with historical resources in the Vasterbotten District of northern Sweden. The Rormyrberget and Lappvattnet nickel deposits are located east of the Company's Knaften-Nordanas gold exploration project. The deposits are held 100% by Gungnir under two separate permits covering an area of 471.3 hectares. The permits are valid for an initial period of three years. Current and future options will include seeking a partner or purchaser for these assets.

Exploration and Evaluation Properties as at September 30, 2016:

| Exploration and Evaluation Properties | December 31, 2015 | Exploration and evaluation | Impairment | Loss on sale of property | Recoveries | June 30, 2016 |
|---------------------------------------|-------------------|----------------------------|------------|--------------------------|------------|---------------|
| Blu Starr | - | - | - | - | - | - |
| Gungnir Property | 704,500 | 4,422 | - | - | - | 708,922 |
| | 704,500 | 4,422 | - | - | - | 708,922 |

Outlook

Moving forward Gungnir plans to continue to focus efforts on its exploration properties in Sweden with the goal of the discovery of high-quality gold and base metal deposits. Current equity markets have improved during 2016 and while it is still difficult to raise capital for junior exploration companies the Company successfully completed a \$360,000 financing in September of 2016. Nevertheless there can be no assurance that additional funding will be available to the Company; however management is of the opinion that with a favorable gold price it may be possible to obtain additional funding for the Company's core gold projects. Accordingly, its plan for the near term is to continue to preserve capital by reducing its operating expenses while continuing to seek sources of funding or partnerships.

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' 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 an 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 technological information in this MD&A was prepared under the direction of Mr. Jari Paakki, P.Ge, CEO of the Company, a Qualified Person as defined by NI 43-101.

Results of Operations for the Three and Nine Months ended September 30, 2016 and 2015:

| For the Periods Ended September 30, | Note | 2016 3 months | 2015 3 months | | 2016 9 months | 2015 9 months |
|---|------|------------------|------------------|----|------------------|------------------|
| Operating expenses | | | | | | |
| General and administration | 11 | 47,625 | 22,686 | \$ | 66,543 | 54,519 |
| Compensation | 11 | 63,810 | 72,700 | | 191,868 | 203,925 |
| Foreign exchange | | - | - | | - | - |
| Professional fees | | 825 | 3,538 | | 1,837 | 5,513 |
| Other items | | 112,260 | 98,924 | | 260,248 | 263,957 |
| Interest and other income | | (62) | (339) | | (493) | (1,674) |
| Write-down of exploration and evaluation properties | | - | - | | - | - |
| Loss before income taxes | | 112,198 | 98,585 | | 259,755 | 262,283 |
| Net loss and comprehensive loss for the year | | 112,198 | 98,585 | \$ | 259,755 | 262,283 |
| Weighted average number of shares outstanding | | 50,261,388 | 45,048,785 | | 50,261,388 | 45,048,785 |
| Basic and diluted loss per share | 8 | (0.00) | (0.00) | \$ | (0.01) | (0.01) |

During the nine month period ended September 30, 2016, Gungnir sustained a loss from operations of \$259,755 (2015 - \$262,283). In comparable periods in 2016/2015 the Company expensed \$Nil in amortization and Stock Based Compensation. Previous quarters during 2016 and 2015 have expenses incurred throughout the years that are fairly well balanced from quarter to quarter when excluding non-cash based charges.

Administrative costs were higher in the nine month period of 2016 at \$66,543 compared to the same period in 2015 of \$54,519; an increase of \$12,024. Consulting fees paid/accrued were consistent in both periods - \$191,868 and

\$203,925 in 2016 and 2015 respectively. Shareholders and Regulatory expenses were \$21,446 higher at \$49,538 in 2016 compared to \$28,092 for the same period in 2015 due to the costs related to the financing completed in September of 2016. Travel and Promotion expenses at September 30, 2016 were \$1,160 and \$2,603 for the same period in 2015. Professional fees of Accounting and Legal at September 30, 2016/2015 were \$1,837 and \$5,513 respectively.

Summary of Quarterly Results – Loss from Operations

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

| | Sept. 30 2016 \$ | June 30, 2016 \$ | March 31, 2016 \$ | Dec. 31 2015 \$ | Sept. 30 2015 \$ | June 30 2015 \$ | March 31 2015 \$ | Dec. 31 2014 \$ |
|---------------------|------------------------|------------------------|-------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Total Assets | 1,073,931 | 810,467 | 857,270 | 903,322 | 2,973,437 | 3,039,696 | 3,121,191 | 3,207,130 |
| Resource Properties | 708,922 | 708,422 | 704,500 | 704,500 | 2,789,481 | 2,789,427 | 2,789,393 | 2,778,985 |
| Working Capital | 169,448 | (62,084) | 19,119 | 93,391 | 117,655 | 203,840 | 271,628 | 347,144 |
| Revenues | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Net Loss | 112,198 | 70,312 | 70,245 | 2,175,262 | 98,585 | 77,841 | 85,858 | 143,270 |
| Loss per Share | (0.00) | (0.00) | (0.00) | (0.05) | (0.00) | (0.00) | (0.00) | (0.00) |

During the three month period ended September 30, 2016 total assets were \$1,073,931 compared to Q3-2015 net assets of \$2,973,437. This is a result of the Company's write down of the Blu Starr property in the fourth quarter of 2015. General and Administrative expenses ("G&A") excluding non-cash expenditures (amortization and stock-based compensation) have been steadily declining over the last three years as management manages the effect on the Company of the continued weakness in the junior exploration markets. The net loss for the third quarter of 2016 and 2015 was \$112,198 and \$98,585 respectively. Working capital at September 30, 2016 was \$169,448 compared to \$117,655 for the comparable quarter in 2015. The increase in working capital is attributed to the \$360,000 financing completed in September of 2016 less ongoing expenditures related to the basic operations of the business of the Company as a public issuer and advancing its exploration properties.

Gungnir' total assets consist of cash and short-term deposits plus its exploration and evaluation property expenses. Cash resources available at September 30, 2016 were \$341,467 compared to September 30, 2015 at \$179,296. The Company also completed a private placement in December of 2015 for gross proceeds of \$62,000.

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 three and nine month period ended September 30, 2016 financial statements would be attributed to whether the Company completed any equity financings within the year or the volume of exploration and development activities on its properties.

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, 2015 | Year Ended December 31, 2014 | Year Ended December 31, 2013 |
|---|------------------------------------|------------------------------------|------------------------------------|
| | \$ | \$ | \$ |
| Total Revenues | NIL | NIL | NIL |
| General & administrative expenses | 354,495 | 563,668 | 496,136 |
| Write off of exploration costs on outside properties and properties abandoned | 2,084,982 | 1,480,202 | - |
| Stock Based Compensation | 12,472 | 97,425 | - |
| Net (Loss) from continuing operations: | | | |
| - In total | 2,437,545 | 9,397,798 | (491,217) |
| - Basic and diluted loss per share | (0.05) | (0.23) | (0.01) |
| Total Assets | 903,322 | 3,207,130 | 12,153,176 |
| Total long term liabilities | NIL | NIL | NIL |
| Cash dividends declared | NIL | NIL | NIL |

Liquidity

Gungnir does not currently have any producing properties and our current operations on our various properties are exploration and evaluation searches for mineable mineral deposits. During the year ended December 31, 2014, Gungnir implemented a new corporate structure including a share consolidation enabling it to focus its exploration activities in prospecting the newly acquired Nordanas and Knaften properties in Sweden targeting a large intrusion related gold deposit.

The Company's future mineral exploration and mining activities may be affected in varying degrees by prevailing market prices, political stability and government regulations, timely permitting, 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.

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 expected to start 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.

Capital Resources

At September 30, 2016 Gungnir had paid up capital of \$29,530,084 representing 63,248,785 common shares without par value, and an accumulated deficit of \$36,107,390 resulting in a shareholder's equity (or net assets) of \$1,073,93; \$903,322 at December 31, 2015. Gungnir has working capital of \$169,448 at September 30, 2016 compared to \$93,391 of working capital at December 31, 2015.

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 mining and 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 period ended September 30, 2016 total \$92,250 (September 2015 - \$184,500). Stock-based compensation paid to key management personnel for the period ended September 30, 2016 total \$nil (September 2015 – \$12,542). Key management personnel are comprised of the Company's Chief Executive Officer and the Company's Chief Financial Officer.

At September 30, 2016, accounts payable and accrued liabilities include \$153,725 (September 2015 - \$30,750) due to directors and organizations controlled by directors. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

| Related Party | Officer | Director |
|---------------|----------------------------|----------|
| Jari Paakki | CEO | Director |
| Chris Robbins | CFO Corporate Secretary | Director |

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 listed in Note 3 to the annual financial statements for the year ended December 31, 2015.

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 3 to the audited financial statements for the year ended December 31, 2015, 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 September 30, 2016, 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. As at September 30, 2016 there were 63,248,785 common shares issued and outstanding.

Share-based Compensation

The Company has adopted a 2014 Incentive Stock Option Plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve month period will not exceed 10% of the Company’s issued and outstanding common shares.

Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company’s shares on the last trading day before the grant of such options less any discount, if applicable, but in any event not less than \$0.05 per share. Options may be exercised no later than 6 months following cessation of the optionee’s position with the Company.

The following table summarizes stock option transactions during 2016 and as at December 31, 2015:

| | September 30, 2016 | | | December 31, 2015 | | |
|---|--------------------|-----------|---------------------------------|-------------------|-----------|---------------------------------|
| | Options | | Weighted average exercise price | Options | | Weighted average exercise price |
| Options outstanding, beginning of year | 3,850,000 | \$ | 0.14 | 3,650,000 | \$ | 0.20 |
| Granted | - | | - | 1,300,000 | | 0.05 |
| Expired/Cancelled | - | | - | (1,100,000) | | (0.21) |
| Options outstanding, end of year | 3,850,000 | \$ | 0.14 | 3,850,000 | \$ | 0.14 |

| | 2016 | 2015 |
|---|-----------|-----------|
| Options exercisable, end of year | 3,650,000 | 3,650,000 |
| Weighted average contractual remaining life (years) | 2.59 | 3.34 |

No options were issued during the nine month period ending September 30, 2016 (2015 – 1,300,000) under the 2014 Incentive Stock Option Plan. The Company did grant options in October of 2016, please refer to SUBSEQUENT EVENTS.

Summary of post consolidation stock options outstanding at September 30, 2016:

| Number outstanding | Exercise price (\$) | Expiry date |
|--------------------|---------------------|------------------|
| 800,000 | 0.50 | January 13, 2017 |
| 1,750,000 | 0.05 | July 4, 2019 |
| 850,000 | 0.05 | July 8, 2020 |
| 450,000 | 0.05 | July 14, 2020 |
| 3,850,000 | | |

Share-based compensation of \$nil was recorded for Q2 - 2016 (Q2 - 2015 - \$12,472).

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 (2015 - \$nil), average risk-free interest rate of 1.44% (2015 – 1.44%), expected life of 5 years (2015 – 5 years), stock price of \$0.01 (2015 - \$0.01) and an expected volatility of 213% (2015– 213%).

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

6,200,000 warrants were issued during 2015 as part of a private placement financing that closed on December 2, 2015. Each warrant entitles the holder to acquire an additional common share of the Company at \$0.05 for 60 months.

In Q3 2016 the Company issued 12,000,000 warrants 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. These warrants are subject to an acceleration clause as set out below, at an exercise price of \$0.05 per share.

In the event that the closing price of the Company's shares on the TSX Venture Exchange is \$0.20 per share or more for 21 consecutive trading days at any time subsequent to the expiry of six months from the date of issuance of the warrants, then Gungnir will earn the right, by providing notice to the warrant holders, to accelerate the expiry date of the warrants to that date which is 30 days from the date of the acceleration notice.

The following table summarizes information about the warrants for period ended September 30, 2016 and year ended December 31, 2015:

| | September 30, 2016 | | | December 31, 2015 | | |
|---|--------------------|---------------------------------|------------------|---------------------------------|-------------|-------------|
| | Warrants | Weighted average exercise price | Warrants | Weighted average exercise price | | |
| Beginning of year | 7,800,000 | \$ 0.05 | 1,600,000 | \$ 0.05 | | |
| Granted | 12,000,000 | 0.05 | 6,200,000 | 0.05 | | |
| Exercised | - | - | - | - | | |
| Cancelled/Expired | - | - | - | - | | |
| Warrants outstanding, end of year | 19,800,000 | \$ 0.05 | 7,800,000 | \$ 0.05 | | |
| | | | | | 2016 | 2015 |
| Weighted average contractual remaining life (years) | | | | | 4.40 | 4.22 |

Summary of warrants outstanding at September 30, 2016:

| 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 |
| 7,800,000 | | |

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, 2015 | \$ | 3,365,057 | \$ | 3,005,237 | \$ 6,6,370,294 |
| Options expired | | 98,636 | | - | 98,636 |
| Warrants expired | | - | | - | - |
| September 30, 2016 | \$ | 3,463,693 | | 3,005,237 | \$ 6,468,930 |

Loss per Share

| Period ended | | September 30, 2016 | September 30, 2015 | |
|--|----|--------------------|--------------------|----|
| Numerator: Net income / (loss) attributable to common shareholders – basic and diluted | \$ | (259,755) | (262,283) | \$ |
| Denominator: Weighted average number of common shares outstanding – basic and diluted | | 50,261,388 | 45,078,785 | |
| Basic and diluted income / (loss) per share | \$ | (0.01) | (0.01) | \$ |

Diluted loss per share did not include the effect of 3,850,000 (December 2015 – 3,850,000) share purchase options, 19,800,000 (December 2015 – 7,800,000) warrants as they are anti-dilutive.

SUBSEQUENT EVENTS

The Company has granted, in compliance with the Company's 2014 Stock Option Plan, 2,450,000 incentive stock options to purchase common shares of the Company at \$0.06 per share for five (5) years to directors and consultants of the Company. The options expire on October 3, 2021.

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.

Copies available upon written request.

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

A handwritten signature in black ink, appearing to read "C. Robbins".

**Chris Robbins
Director & CFO**