



Gungnir Resources Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Nine Months ended September 30, 2017

DATED November 22, 2017

Introduction and Overview

Gungnir is a junior mineral exploration company listed on the TSX Venture Exchange as a Tier 2 company under the trading symbol “GUG”. The Company is also inter-listed in the United States as “ASWRF.PK”. The Company is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario, Quebec and Nova Scotia.

Gungnir is in the business of the acquisition, evaluation and exploration of mineral properties with the primary aim of advancing them to a stage where they can be exploited at a profit, or offered for sale or option. We do not currently have any producing mineral properties and our current operations on our various properties are exploratory searches for mineable mineral deposits. Gungnir has implemented a new corporate strategy to focus on exploration in mining-friendly Sweden with the goal of discovery of high-quality gold and base metal deposits. The Company also continues to evaluate opportunities for its flake graphite property in British Columbia and other opportunities as they arise.

This MD&A is dated November 22, 2017 and discloses specified information up to that date. Gungnir is classified as a “Venture Issuer” for the purposes of National Instrument 51-102. Our financial statements are prepared in accordance with International Financial Reporting Standards in Canada (“IFRS”) and are expressed in Canadian dollars. This discussion and analysis should be read together with the annual audited financial statements for the year ended December 31, 2016 and related notes attached thereto (the “2016 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 MD&A.

Outlook

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

Overall Performance

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

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

Results of Operations

Management continues to be focused on managing its capital while seeking sources of funding as well as other opportunities to build shareholder value. The recent receipt of the first annual Royalty Payment of \$1,000,000 has provided the Company with enough working capital to initiate its 2017 exploration work in Sweden with no dilution of the Company's outstanding share status. The Company completed its 2017 drill program in September of 2017.

Highlights:

- Company confirms near-surface gold mineralization; drills 13.7 m of 1.2 g/t Au in its first hole starting at a depth of 59.9m. Several kilometres open for expansion and exploration along strike.
- Drill discovery of new, highly anomalous copper-nickel sulphides hosted in layered gabbro; up to 0.53% combined Cu+Ni in assays and high Cu tenor. Numerous untested, highly conductive geophysical targets immediately to the south.

The 2017 program confirmed near-surface gold mineralization in the area previously drilled at the Knaften 300 Gold Zone and discovered new copper-nickel bearing sulphides on the property. Now we have an excellent gold play plus the copper-nickel targets at Knaften that could potentially add to our Sweden nickel-copper resources we already have ([#] historical resources of 70 million pounds of nickel). The Company plans to ramp-up drilling efforts in 2018 on both gold and base metals targets.

([#] Gungnir is not treating the historical estimates as current mineral resources and that a qualified person has not done sufficient work to classify the historical estimates as current resources. See news release dated February 24, 2015.)

The Company is currently planning for the next phase of drilling at Knaften. On the gold side, step-out drilling to expand the Knaften 300 Gold Zone and wide-spaced drilling northwest and southwest along the regional magnetics break are being planned. For base metal targeting, ten electromagnetic conductors, many with very high conductivity, from Gungnir's 2017 ground EM survey located immediately southwest and south of KN17-05 are being evaluated for drill testing. A 4,000 to 5,000 metre phase 2 drill program is warranted.

In the current drilling, Gungnir completed 546 m of NQ2 core drilling in 5 holes. The primary goals of the initial program were to ground-truth reported historic gold mineralization (KN17-01 to -03) at the now named "Knaften 300 Gold Zone" and to test magnetic geophysical targets that potentially relate to gold-arsenopyrite-pyrrhotite boulders (up to 8.5 g/t Au) discovered earlier by the Company (KN17-04 and -05).

Hole KN17-01 was collared in a cluster of four historic drill holes; hole KNA01001: 14.45m of 2.13 g/t Au, hole 200601: 9.00m of 1.14 g/t Au, hole 95008: 7.24m of 1.29 g/t Au, and hole 96009: 10.75m of 3.45 g/t Au. KN17-01 cut 13.7m of 1.2 g/t Au starting at a down-hole depth of 59.9 metres, and is comparable to historic drill holes nearby. Gold mineralization is hosted by quartz diorite and quartz veins and shows a strong correlation with disseminated arsenopyrite. KN17-02 was collared 250 metres south-southwest of KN17-01. KN17-02 cut a broad interval of disseminated arsenopyrite hosted in quartz diorite from 10.4 to 29m down-hole. The upper 4.8 m portion of this mineralization assayed 0.65 g/t Au starting at the overburden-bedrock interface at a down-hole depth of 10.4 metres. Hole KN17-02 is within 5 metres of historic hole 200719 (see table below). A third hole, KN17-03, collared 370 metres south of KN17-02 was lost prior to hitting its target depth due to mechanical problems.

Gold at the Knaften 300 Gold Zone occurs in both intrusive (quartz diorite to granodiorite) and adjacent sedimentary rocks (greywackes). Relatively uniform gold grades were returned from disseminated style gold mineralization in greywackes, whereas quartz vein style mineralization in intrusive rocks appears more erratic. Prior operators, Lappland Goldminers, noted visible gold grains locally in their drill cores which certainly would contribute to nugget-effect gold mineralization and differences between assays in neighbouring samples.

Table 1: Confirmation Drill Holes

Hole_ID	Easting (m)	Northing (m)	Azimuth/Dip	Length (m)	From (m)	To (m)	Length (m)	Au (g/t)
KN17-01	1634703	7150671	320/-60	106.0	59.90	73.60	13.70	1.20
KNA01001	1634701	7150668	320/-70	91.0	55.00	69.45	14.45	2.13
200601	1634714	7150702	270/-65	167.6	64.50	73.50	9.00	1.14
95008	1634716	7150688	320/-45	152.0	75.75	82.99	7.24	1.29
96009	1634719	7150684	320/-70	150.0	67.05	77.80	10.75	3.45
KN17-02	1634613	7150443	270/-70	65.0	10.40	15.20	4.80	0.65
200719	1634608	7150445	270/-55	140.3	14.50	17.50	3.00	3.42

New holes drilled by Gungnir are KN17-01 and KN17-02. Other holes tabled are proximal historic drill holes. Results are core lengths and may not represent the true width of the mineralization. Co-ordinates are in National System RT90. Azimuth and dip are in degrees.

Hole KN17-04 and KN17-05 were drilled 3.5 and 4.7 km respectively northwest of the Knaften 300 Gold Zone. KN17-04 was collared to test a magnetic anomaly immediately up-ice (glacial ice direction) of a cluster of gold-arsenopyrite-pyrrhotite boulders discovered by the Company in 2014. The hole was abandoned in 36 metres of overburden after several attempts to reach bedrock. The drill was then moved 1.2 km northwest to another magnetic anomaly. KN17-05 drilled 212 metres of layered gabbro (its entire length) hosting three separate magmatic sulphide mineralized sections ranging from 0.3 to 6 metres consisting of variably disseminated, net-textured and blebby pyrrhotite with chalcopyrite. ** Tenors for individual samples ranged from 0.79 to 14.14% Cu and 0.54 to 2.06% Ni in 100% sulphide.

Table 2: KN17-05 Assay Averages

Hole_ID	Easting (m)	Northing (m)	Azimuth/Dip	Length (m)	From (m)	To (m)	Length (m)	Cu (ppm)	Ni (ppm)	Co (ppm)	S (%)
KN17-05	1631119	7153221	320/-65	212.0	53.80	54.30	0.50	4800	452	80	3.06
					57.90	59.90	2.00	1850	803	114	4.47
					150.00	156.00	6.00	741	128	44	0.52

*Results are core lengths and may not represent the true widths. Co-ordinates are in National System RT90. Azimuth and dip are in degrees. ** Tenors in above paragraph are calculated to 100% sulphide; a common practice in nickel-copper exploration to determine economic possibilities of a potentially discovered massive sulphide deposit on the property.*

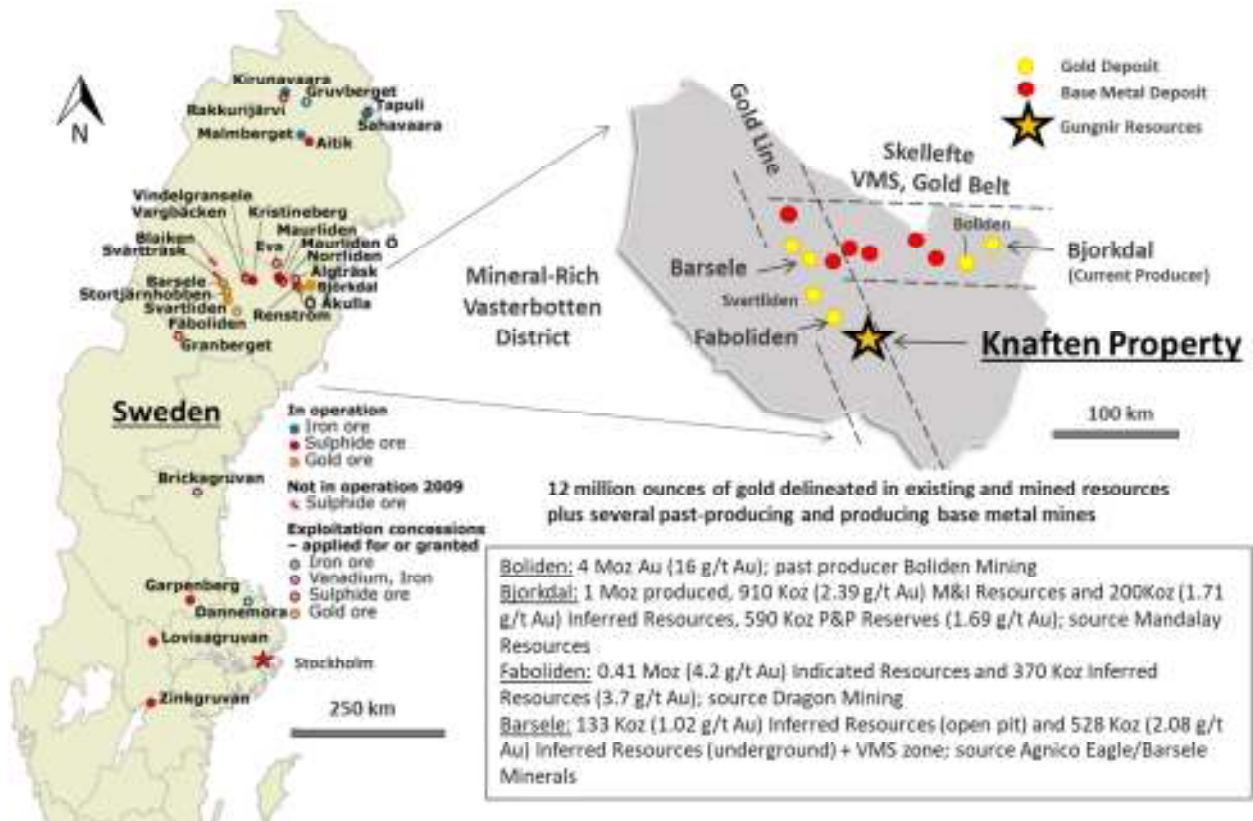
All samples referred to in this release were tested at ALS Laboratories in Sweden. A 51-element package (ultra trace level method ME-MS41) by Aqua Regia and ICP-AES/ICP-MS was employed and method Au-ICP21, a 30-gram

fire assay with ICP-AES finish, was used for gold analysis. Control samples (accredited gold standards and blanks) were inserted into the sample sequence on a regular basis to monitor precision of results.

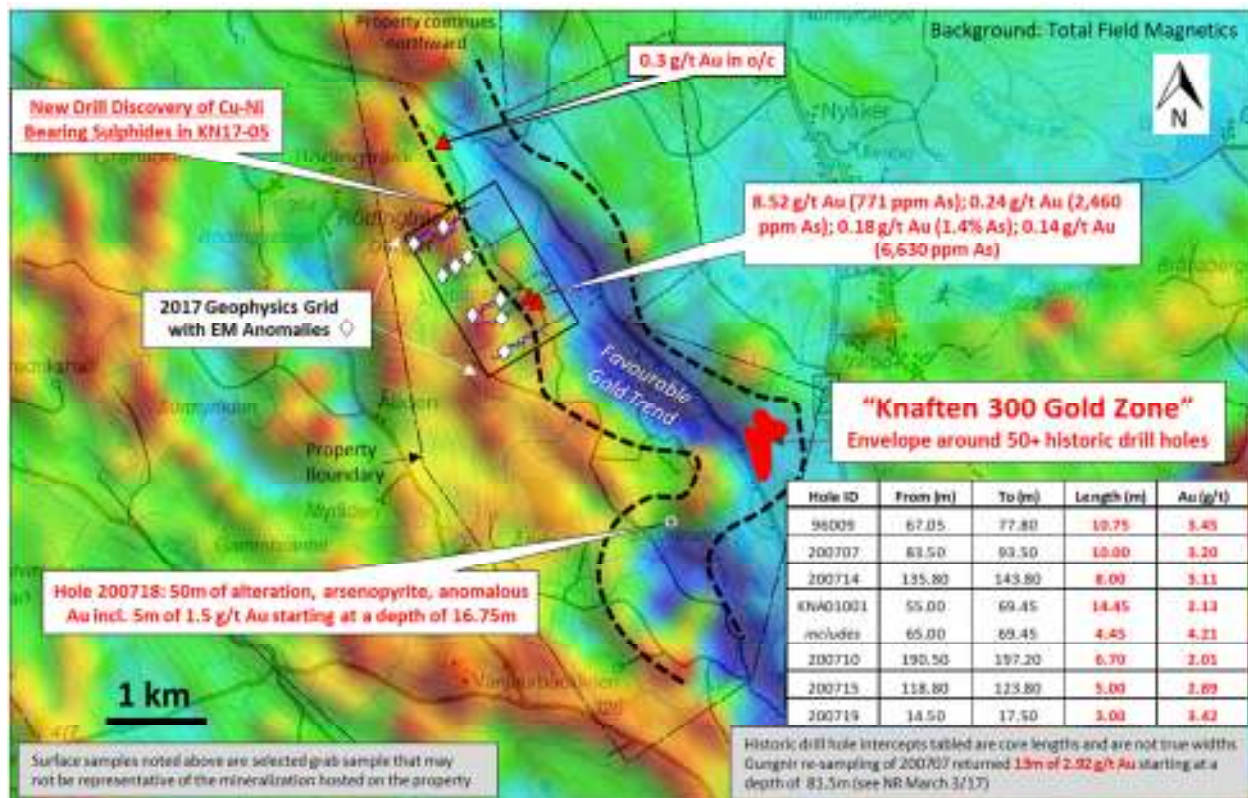
Exploration and Evaluation Properties

Knaften

Gungnir Resources' Sweden gold and base metal exploration property, Knaften, covers 37.2 sq. km within in a highly under-explored and prospective area ("Gold Line") in the Vasterbotten 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 Knaften property consists of the Knaften nr 100 and 200 and 300 permits. The property covers Au in boulders and outcrop, as well as drill-indicated Au mineralization (Knaften 300 Gold Zone; 50+ drill holes) along a developing 10+ km long geochemical-magnetics trend along the western contact of a granitic intrusion that is believed to core the Knaften greenstone belt. The main source of the large Au-in-till anomaly (one of the largest in Sweden) to the southeast is believed to be located within the Knaften belt. The Knaften belt also offers potential for volcanogenic massive sulphide (VMS) base metals and newly identified Ni-Cu sulphides. Other gold-in-till anomalies in the Vasterbotten District cover either current and past-producing gold mines or known gold resources.



Rormyrberget and Lappvattnet

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 and base metal exploration project. The deposits are held 100% by Gungnir under two separate permits covering an area of 471.3 hectares.

Both 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

Deposits and Historical Estimates (see Note 1):

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

The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimates as current resources and Gungnir is not treating the historical estimates as current mineral resources.

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

Rormyrberget

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

Lappvattnet

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

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

Notes:

- The historical estimates are based on an NI 43-101 report entitled "TECHNICAL REPORT ON RESOURCE ESTIMATES FOR THE LAINEJAUR, LAPPVATTNET AND RORMYRBERGET "ROR" DEPOSITS, NORTHERN SWEDEN", prepared for Blackstone Ventures Inc. by Reddick Consulting Inc. (RCI), effective May 5, 2009 and filed on SEDAR on June 16, 2009 ("RCI report"). These historical estimates cannot be fully verified, and are only referred to in this news release as an indication of previously defined nickel mineralization. Gungnir has not taken steps to identify what work needs to be done to upgrade or verify the historical estimates as current mineral resources or mineral reserves, and has no immediate plans to do so.

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

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

Blu Starr, Canada

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

Exploration and Evaluation Properties as at September 30, 2017:

Exploration and Evaluation Properties	December 31, 2016	Exploration and evaluation	Impairment	Loss on sale of property/ Recoveries	September 30, 2017
Blu Starr 6(b)	-	-	-	-	-
Gungnir Property 6(c) and (d)	572,417	86,047	-	-	658,464
	572,417	86,047	-	-	658,464

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.

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.

	Sept. 30 2017	June 30 2017	Mar. 31 2017	Dec. 31 2016	Sept. 30 2016	June 30, 2016	March 31, 2016	Dec. 31 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Total Assets	1,633,946	1,722,898	804,051	882,984	1,073,931	810,467	857,270	903,322
Resource Properties	658,464	623,504	574,247	572,417	708,922	708,422	704,500	704,500
Working Capital	720,554	844,177	(22,207)	67,977	169,448	(62,084)	19,119	93,391
Revenues	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Loss/(Gain)	113,650	(915,615)	168,007	365,991	112,198	70,312	70,246	2,175,262
Loss/(Gain) per Share	(0.00)	(0.02)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.05)

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 period ended September 30, 2017 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.

The Company's expenses from operations for the periods ended September 30, 2017 and 2016 are detailed as follows:

General and administration	2017	2016
Shareholder and regulatory	\$ 22,790	\$ 49,537
Travel and promotion	40,671	1,160
Office	10,906	18,107
Non-current accounts payable write-off	-	(2,262)
	\$ 74,367	\$ 66,543
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Compensation	2017	2016
Consulting fees and wages	\$ 207,492	\$ 191,868
Stock-based compensation	79,679	-
	\$ 287,171	\$ 191,868
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Professional fees	2017	2016
Accounting fees	\$ 1,800	\$ 1,837
Legal fees	6,386	-
	\$ 8,186	\$ 1,837

As at the completion of the third quarter of 2017, Gungnir sustained a net loss from operations of \$113,650, compared to \$112,198 for Q3-2016. For the nine month periods ended in 2017 the Company has a gain of \$633,948 due to the Kenville Royalty payment received compared to a loss of \$259,755 at September 30, 2016. Previous quarters for 2017 and 2016 have expenses incurred throughout the years that are fairly well balanced from quarter to quarter when excluding non-cash based charges and any impairment to the Company's properties.

General administrative costs in the third quarter of 2017 were \$33,214 compared to the same period in 2016 of 47,625. For the nine month period ending September 30, 2017 G&A costs were \$74,367 compared to \$66,543 in the same period in 2016. The two contributing factors to the slight increase in G&A in Q3-2017 were Shareholder and Regulatory fees were less at \$22,790 compared to \$49,537 in Q3-2016 but Travel and Promotion expenses increased from \$1,160 in Q3-2016 to \$40,671 for Q3-2017. This increase is due to costs related to business trips to Sweden during the period to oversee the 2017 exploration programs. Compensation was \$78,900 in Q3-2017 compared to \$63,810 in Q3-2016. The increase is due to the re-stated employment agreements effective July 1, 2017 with the Company's two executive officers; please see RELATED PARTY TRANSACTIONS. For the nine months ended September 30, 2017 and 2016 Compensation was \$281,171 compared to \$191,868 respectively; included in 2017 is \$79,679 of Stock Based Compensation and \$Nil in 2016. Professional fees in Q3-2017 were \$4,714 (Q3-2016 - \$825) and for the 9M-2017 Professional Fees were \$8,186 compared to \$1,837 in 9M-2016.

Liquidity

Gungnir does not currently have any producing mineral properties and our current operations on our various properties are exploratory searches for mineable mineral deposits. During the period ended September 30, 2017 and since May of 2014, Gungnir has implemented a new corporate structure enabling it to focus its exploration activities in prospecting and drilling on the Knaften property in Sweden targeting a large intrusion related gold deposit.

The Company is currently planning for the next phase of drilling at Knaften. On the gold side, step-out drilling to expand the Knaften 300 Gold Zone and wide-spaced drilling northwest and southwest along the regional magnetics break are being planned. For base metal targeting, ten electromagnetic conductors, many with very high conductivity, from Gungnir's 2017 ground EM survey located immediately southwest and south of KN17-05 are being evaluated for drill testing. A 4,000 to 5,000 metre phase 2 drill program is warranted.

The Company is also evaluating opportunities for its Blu Starr flake graphite property in British Columbia.

The Company's future mineral exploration and mining activities may be affected in varying degrees by prevailing market prices, political stability and government regulations, the success of existing or future partners, all of which are beyond the control of the Company.

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

Due to the sale of the Kenville Mine property in 2014, the Company received cash payments of \$900,000 in 2014 and \$1,000,000 in May of 2017. The 2017 payment is the first of five Royalty Stream payments against the remaining \$5,000,000 of the \$5,900,000 purchase price. This Royalty Stream will be satisfied by four (4) additional annual payments of \$1,000,000 starting on or before May 1, 2018. The remaining payments are secured by a Royalty Agreement registered on title to the Kenville Gold Property and a Specific Security Agreement registered under the Personal Property Registry, British Columbia.

At September 30, 2017 the Company had working capital of \$720,554 (Q3-2016 – (\$169,448)). At the time of this report the Company does have sufficient funds to meet its general and administrative expenses through 2017.

Capital Resources

At September 30, 2017 Gungnir had paid up capital of \$30,093,336 representing 63,248,785 common shares without par value, and an accumulated deficit of \$35,832,431, resulting in a shareholder's equity (or net assets) of \$1,633,946 (December 31, 2016 - \$882,984). Gungnir has a working capital of \$720,554 at September 30, 2017 and working capital of \$67,977 at December 31, 2016.

Business Risks, Uncertainties and Commitments

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

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

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

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

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

Related Party Transactions

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

Salaries paid to key management personnel for the period ended September 30, 2017 total \$158,250 (September 30, 2016 - \$92,250). Stock-based compensation paid to key management personnel for the period ended September 30, 2017 total \$79,679 (September 2016 – \$NIL). Key management personnel are comprised of the Company's Chief Executive Officer and Chief Financial Officer.

At September 30, 2017, accounts payable and accrued liabilities include \$225,475 (September 2016 - \$153,725) due to directors and organizations controlled by directors.

Effective July 1, 2017 the independent Board members upon review and recommendation from the Compensation Committee authorised the Company to enter into an Amended and Restated Employment Agreement “(Employment Agreement”) with Jari Paakki whereby the Company agreed to retain Mr. Paakki as Chief Executive Officer. The Employment Agreement provides that the Company may terminate the Employment Agreement at any time without just cause by paying Mr. Paakki a lump sum of 24 months of base salary, plus the accrued obligations and benefits continuation. If a change of control occurs, and following the change of control Mr. Paakki's employment is terminated, other than for cause, or if Mr. Paakki terminates his employment for good reason, and such termination occurs within 12 months after the date upon which a change of control occurs, Mr. Paakki will be paid in accordance with the same terms as above. For the purposes of the Employment Agreement, (a) any person acquires the beneficial ownership, directly or indirectly, of the securities of the Company representing more than 50% of: (i) the outstanding voting securities of the Company; or (ii) the combined voting power of the Company's then-outstanding securities; (b) the sale or disposition of all or substantially all of the Company's assets (or any transaction having similar effect) is consummated; (c) the Company is party to a merger or consolidation that results in the holders of voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (d) the dissolution or liquidation of the Company. At July 1, 2017, termination of the Employment Agreement with Mr. Paakki without just cause, would result in a liability to the Company of \$360,000.

Effective July 1, 2017 the independent Board members upon review and recommendation from the Compensation Committee authorised the Company to enter into an Amended and Restated Employment Agreement “(Employment Agreement”) with Chris Robbins whereby the Company agreed to retain Mr. Robbins as Chief Financial Officer. The Employment Agreement provides that the Company may terminate the Employment Agreement at any time without just cause by paying Mr. Robbins a lump sum of 24 months of base salary, plus the accrued obligations and benefits continuation. If a change of control occurs, and following the change of control Mr. Robbins' employment is terminated, other than for cause, or if Mr. Robbins terminates his employment for good reason, and such termination occurs within 12 months after the date upon which a change of control occurs, Mr. Robbins will be paid in accordance with the same terms as above. For the purposes of the Employment Agreement, (a) any person acquires the beneficial ownership, directly or indirectly, of the securities of the Company representing more than 50% of: (i) the outstanding voting securities of the Company; or (ii) the combined voting power of the Company's then-outstanding securities; (b) the sale or disposition of all or substantially all of the Company's assets (or any transaction having similar effect) is consummated; (c) the Company is party to a merger or consolidation that results in the holders of voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (d) the dissolution or liquidation of the Company. At July 1, 2017, termination of the Employment Agreement with Mr. Robbins without just cause, would result in a liability to the Company of \$250,000.

Financial Instruments

Gungnir' financial instruments consist of cash, receivables, marketable securities, deposits and accounts payable. Unless otherwise noted, it is the Company's opinion that we are not exposed to significant interest, currency or credit

risks. Gungnir has to date not entered into the use of derivative instruments or foreign exchange contracts to hedge gains or losses arising from foreign exchange fluctuations.

Significant accounting judgements and estimates

A summary of all the Company's significant accounting policies is included in Note 2 to the quarterly financial statements for the period ended September 30, 2017.

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and prepayments which are included in the consolidated statements of financial position;
- the recoverability and probability of future economic benefits of amounts capitalized as exploration and evaluation costs
- the inputs used in valuing share-based payments which are included in the consolidated statements of comprehensive income or loss;
- the income taxes provision which is included in the consolidated statements of comprehensive income or loss and the composition of deferred income tax assets and liabilities which are included in the consolidated statements of financial position;
- the inputs used in determining the various commitments which are accrued in the consolidated statements of financial position.

Property, plant and equipment

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

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

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

Evaluation and exploration properties

Acquisition costs of resource properties together with direct exploration expenditures thereon are deferred until the property to which they relate is placed into production, sold or abandoned or become impaired. Option or other payments received in respect of property interests are applied to reduce the carrying value of the properties. The carrying values of exploration and evaluation properties are, where necessary, written down to the estimated fair value based on discounted estimated future net cash flows.

The Company reviews the carrying values of its resource properties whenever events or circumstances indicate that there may be a potential impairment. Where estimates of future cash flows are not available and where exploration results or other information suggest impairment has occurred, management assesses whether the carrying value can be recovered, and if not, an appropriate write-down is recorded.

Although the company has taken steps to verify title to exploration and evaluation properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects in title registration.

Stock-based Compensation

The standard now requires that all stock option-based awards made to consultants and employees be recognized in these consolidated financial statements and measured using a fair value-based method.

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

Critical accounting policies and changes in accounting policies

The accounting policies followed by the Company are set out in Note 2 to the un-audited financial statements for the period ended September 30, 2017, and have been consistently followed in the preparation of these financial statements.

New accounting standards adopted during the year

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

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

IFRIC 21, Levies ('IFRIC 21')

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

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

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

Future accounting pronouncements

IFRS 9, Financial Instruments ("IFRS 9")

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

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

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

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

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

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

Business combination, Consolidated Financial Statements and Non-controlling interest

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

Disclosure Controls and Procedures

As of September 30, 2017, the Company carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure control and procedures are effective to ensure that information required to be (a) disclosed is recorded, processed, summarized and reported in a timely manner and (b) disclosed in the reports that we file or submit is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

We have designed, or caused to be designed under our supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in Canada.

Outstanding Share Data

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	63,248,785
Preferred	Nil	Unlimited	Nil

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

Share-based Compensation

Options

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.

	September 30, 2017		December 31, 2016	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options outstanding, beginning of period	6,300,000	\$ 0.11	3,850,000	\$ 0.14
Granted	800,000	0.05	2,450,000	0.06
Expired/Cancelled	(800,000)	0.50		
Options outstanding, end of period	6,300,000	\$ 0.05	6,300,000	\$ 0.11

	2017	2016
Options exercisable, end of period	6,300,000	6,300,000
Weighted average contractual remaining life (years)	3.17	3.28

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

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

Summary of post consolidation stock options outstanding at September 30, 2017:

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

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

The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model, using the expected dividend yield of \$nil (2016 - \$nil), average risk-free interest rate of 1.17% (2016 - 0.62%), expected life of 5 years (2016 - 5 years), stock price of \$0.10 (2016 - \$0.05) and an expected volatility of 246% (2016 - 226%).

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock based on historical volatility. Changes in these assumptions can materially affect the fair

value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

Warrants

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

The following table summarizes information about the warrants for period ended September 30, 2017 and year ended December 31, 2016

	September 30, 2017			December 31, 2016		
	Warrants		Weighted average exercise price	Warrants		Weighted average exercise price
Beginning of year	7,800,000		0.05	7,800,000		0.05
Granted	12,000,000		0.05	12,000,000		0.05
Exercised	(500,000)		-	-		-
Cancelled/Expired	(1,600,000)		(0.05)	-		-
Warrants outstanding, end of period	17,700,000		0.05	19,800,000		0.05

	2017	2016
Weighted average contractual remaining life (years)	3.73	4.14

Summary of post consolidation warrants outstanding at September 30, 2017:

Number outstanding	Exercise price (\$)	Expiry date
5,700,000	0.05	December 2, 2020
12,000,000	0.05	September 28, 2021
17,700,000		

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, 2016	\$	3,463,693	\$	3,005,237	6,468,930
Options expired		141,600		-	141,600
Warrants expired		-		39,872	39,872
September 30, 2017	\$	3,605,293		3,045,109	6,650,402

Loss per Share

Periods ended		September 30, 2017		September 30, 2016
Numerator: Net income / (loss) attributable to common shareholders – basic and diluted	\$	633,948	\$	(259,755)
Denominator: Weighted average number of common shares outstanding – basic and diluted		63,261,114		50,261,388
Basic and diluted income / (loss) per share	\$	0.01	\$	(0.01)

Diluted loss per share did not include the effect of 6,300,000 (December 2016 – 6,300,000) share purchase options, 17,700,000 (December 2016 – 19,800,000) warrants as they are anti-dilutive.

Subsequent Events

None at the time of this report.

Additional Information

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

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