GUNGNIR

Gungnir Resources Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the years ended December 31, 2018 and 2017

DATED April 29, 2019

Introduction and Overview

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

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

This MD&A is dated April 29, 2019 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, 2018 and related notes attached thereto (the "2018 Financial Statements"). Throughout this report we refer from time to time to "Gungnir", the "Company", "we", "us", "our", or "its". All these terms are used in respect of Gungnir Resources Inc. which is the reporting issuer in this document.

We recommend that readers consult the "Cautionary Statement" at the end of this report, as well the section on risks and uncertainties.

Cautionary Statement

Forward-Looking Information

This 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' exploration properties. Many factors could cause the actual results, performance or achievements of Gungnir to be materially different from any future results, performance or achievements whether expressed or implied by such forward-looking statements. Important factors are identified in this Annual MD&A.

Outlook

Gungnir plans to continue to focus efforts on its exploration properties in mining-friendly Sweden with the goal of further discovery and advancement of high-quality gold and base metal targets with particular focus on its Knaften property.

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

The Company's key focus is the Knaften project located at the south end of the "Gold Line" (Knaften-Barsele Arc) which hosts a number of gold deposits including Faboliden and Svartliden (Dragon Mining), and the Barsele Gold-VMS project (Agnico Eagle). In 2018, the Company completed ten holes (five holes in the Knaften 300 Gold Zone, four holes at the Rodingtrask discovery, and one hole into the new Cu-Ni target discovered by Gungnir in 2017) for a total of 2,028 metres. A total of 665 samples were submitted for assay. Please review "Results of Operations".

Overall Performance

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

Successful drill programs in 2018 and 2017 at Knaften resulted in back-to-back new base metal target discoveries; the Rodingtrask VMS and a Cu-Ni target located only 400 metres to the east. These new targets add significant up-side to the previously gold-only Knaften project (Knaften 300), and now the Company has numerous opportunities at deposit discovery by way of multiple targets and metals. All three targets on Knaften are wide-open for expansion and further discovery.

The Company received the second annual Advanced Royalty Payment ("ARP") of $1,000,000 on May 30, 2018 from the sale of the Kenville Gold Property in May of 2014. In April of 2018, 0995237 B.C. Ltd. ("0995237"), the purchaser of the Kenville Property, requested an extension of time to make its second ARP of $1,000,000 due to the Company. The Company granted a 30 day extension in exchange for a non-refundable payment of $100,000 (received). The second ARP of $1,000,000 was paid in full on May 30, 2018.

Further the Company is due additional three (3) ARP payments totalling $3,000,000 with annual payments of $1,000,000 starting on or before April 30, 2019. 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 plus the 5 ARP's due at that time.

Management continues to be focused on managing its capital while seeking sources of funding as well as other opportunities to build shareholder value. The first two ARP's received in May of 2017/2018 have provided the Company with enough working capital to continue the exploration and drill programs in Sweden on the Knaften property. The Company expects to commence drilling by June of 2019 and continue on through September of 2019.

Results of Operations

2018 Highlights:

Knaften – Rodingtrask VMS Target Discovery

The new Rodingtrask VMS target was discovered in 2018 with Gungnir's first hole testing a large geophysical conductor. The discovery includes broad zone of base metal enrichment (zinc and copper) in core lengths over 100 metres starting just below surface, and favourable VMS geology and alteration. Only 4 holes have tested this target so far, all into the edges or halo of a large hydrothermal system, each cutting long core intervals of base metal-enrichment. The strongest sulphide mineralization occurs with silicified rock below a prominent marker "exhalite" horizon at the base of the host argillaceous conglomerate ("conglomerate"). Anomalous gold was returned in strongly altered mafic volcanics near the end of hole KN18-07 and -10.

Hole KN18-07: The 209-metre-long hole discovery hole cut a 120.6-metre interval of mineralized conglomerate starting at 1.3 metres below surface. Assay results in KN18-07 show widespread zinc, copper and silver across the entire mineralized conglomerate grading 0.24 per cent ZnEq over 120.5 metres, including 0.35 per cent ZnEq over 28.2 metres at its base in silicified conglomerate.

Hole KN18-08: hole was drilled down-dip and stopped at a depth of 87m but did hit interweaving conglomerate-hosted sulphide mineralization over 25 metres including 587 ppm (Zn + Cu) over 10.2m. This hole is estimated to be about 100 metres stratigraphically above the marker horizon hit in holes 7. 9 and 10.
Hole KN18-09: intersected 230 metres of mineralized conglomerate including 21.2m @ 0.43% ZnEq from 171.3 to 192.5m at its base.

Hole KN18-10: intersected 120 metres of mineralized conglomerate including 28.5m @ 0.44% ZnEq from 109.5 to 139.0m at its base, and 0.2 g/t Au over 4.05m starting at 207.65m including 0.88 g/t Au over 0.6m in the footwall.

(NOTE: “ZnEq” (Zinc Equivalent) is provided here for illustrative purposes only to show metal enrichment)

Knaften – Copper/Nickel Target Discovery

In addition to mineralization encountered in holes KN18-07-10, hole KN18-06 collared 380 metres to the northeast of KN18-07, close to the site of last years copper-nickel bearing sulphide discovery, cut a 15-metre magmatic sulphide zone consisting of disseminations, blebs, net- and flow-textured, and brecciated sulphides consisting of predominantly pyrrhotite with some chalcopyrite. Chalcopyrite also occurs scattered in the largely gabbroic host rock down to about 300 metres down-hole.

Hole ID	From (m)	To (m)	Length (m)	Cu Eq (%)	Cu (ppm)	Ni (ppm)	Co (ppm)
KN18-06	45.50	59.85	14.35	0.38	1272	683	115

Knaften 300 - Gold

In July the Company reported that the first three drill holes for 2018 have been completed with KN18-01 to KN18-03 each cutting arsenopyrite mineralization over core lengths of 9.60 to 19.45 metres. Drilling tested the Knaften 300 Gold Zone (“Knaften 300”), a disseminated-style gold zone with arsenopyrite serving as an indicator of gold (as with other gold deposits in the region and in many gold camps elsewhere).

The initial three holes focused on testing grade and continuity of gold mineralization at Knaften 300, and to establish structural controls on gold mineralization and optimal drill orientations. Holes 4 and 5 are located approximately 2.5 kilometres to the southwest of Knaften 300. These holes target an area where a wide zone (greater than 50-metre core length) of alteration, arsenopyrite and anomalous gold was discovered in one hole by the previous operator in 2008 and not followed-up.

Hole KN18-01 encountered a 10.95 metre zone of mineralization starting at a down-hole depth of 84.70 metres. Mineralization consists of fine-grained to very coarse-grained blades of arsenopyrite (steel grey coloured mineral in accompanying photos) ranging from 1 to 3% to heavier concentrations in decimetre-scale bands. Mineralization is hosted by mafic volcanics, sedimentary rocks and altered intrusives. Numerous calcite veinlets occur throughout the section. The hole was drilled immediately behind historic hole 2007-07 (3.3 g/t Au over 10 metres).

Hole KN18-02 intersected a 19.45 metre interval hosting disseminated arsenopyrite approximately 30-40 metres northeast of the mineralized intercept in KN18-01. Approximately 50 percent of the interval is mineralized with 1-3% fine- to coarse-grained disseminated arsenopyrite. The host rock is largely altered intrusive rock ranging from quartz diorite to gabbro with quartz veins.

Hole KN18-03 was drilled approximately 70 metres southwest of Hole KN18-01 where it cut a 9.60 metre interval of disseminated arsenopyrite mineralization with local chalcopyrite hosted by variably brecciated and altered intrusive rock with quartz-albite veins.

Holes KN18-04 and KN18-05 tested an area approximately 2.5 kilometres southwest of the Knaften 300 Gold Zone where previously drilling (2008-18) encountered a wide zone of strong alteration with associated arsenopyrite and anomalous gold mineralization. KN18-04 was drilled at the site of hole 2008-18 reported by previous operators and confirmed wide-spread alteration. Hole KN18-05 was drilled approximately 250 metres further southwest of KN18-04. The hole encountered minor arsenopyrite within a 10-metre interval comprising sediments with disseminated pyrrhotite and 40-50% intercalated gabbro dykes. This target area remains open for further exploration.

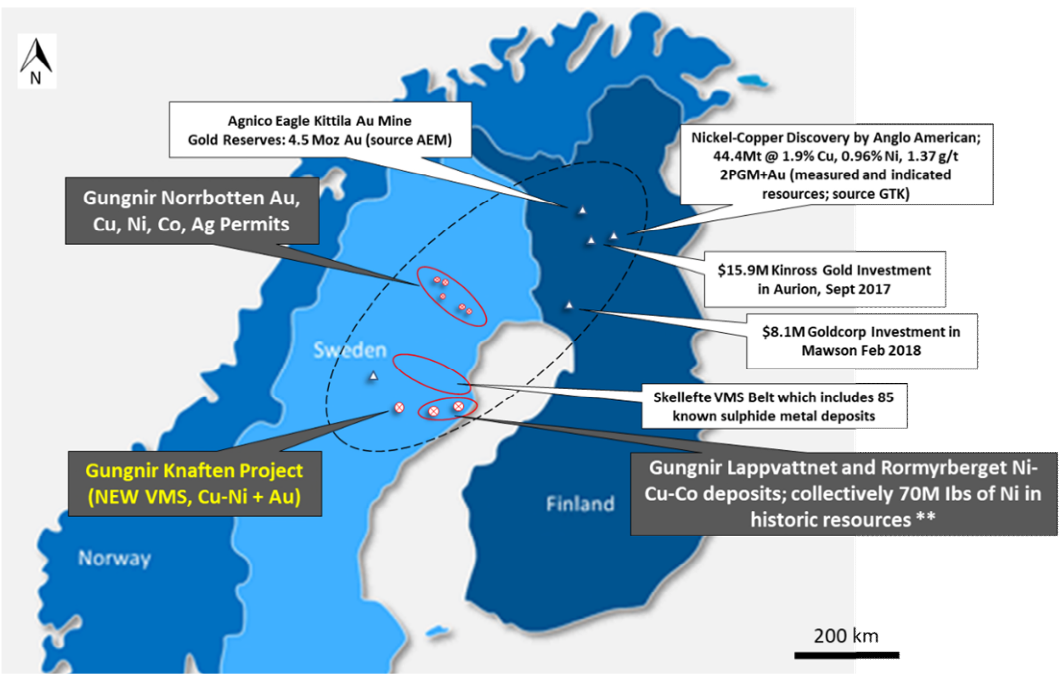
Hole ID	From (m)	To (m)	Length (m)	Au (g/t)
KN18-01	84.70	95.65	10.95	1.35
	84.70	86.10	1.40	2.04
	89.55	90.55	1.00	4.01
	94.55	95.65	1.10	3.34
KN18-02	67.05	77.05	10.00	0.25
	83.00	87.50	4.50	0.21
KN18-03	57.05	63.60	6.55	0.45
	65.60	66.65	1.05	0.53
KN18-04				***
KN18-05				NSV

*** Not assayed at this time

The Knaften 300 Gold Zone consists of over 50 previously drilled holes with gold mineralization covering an area measuring 400 metres by 500 metres at an average depth of approximately 75 metres below surface. Knaften 300 appears to be a shallow-dipping zone and includes several thick, promising gold intersections, including 3.45 grams per tonne gold over 10.75 metres, 3.20 grams per tonne gold over 10.0 metres and 3.11 grams per tonne gold over 8.0 metres. In 2017, Gungnir confirmed near-surface gold mineralization with its own drilling and resampling of available archived core. Results include 2.92 grams per tonne gold over 13 metres starting at a downhole depth of 81.5 metres. Previous drilling includes intervals of up to 23.4 grams per tonne gold in individual assays, which demonstrates that the mineralizing system is capable of producing higher-grade gold.

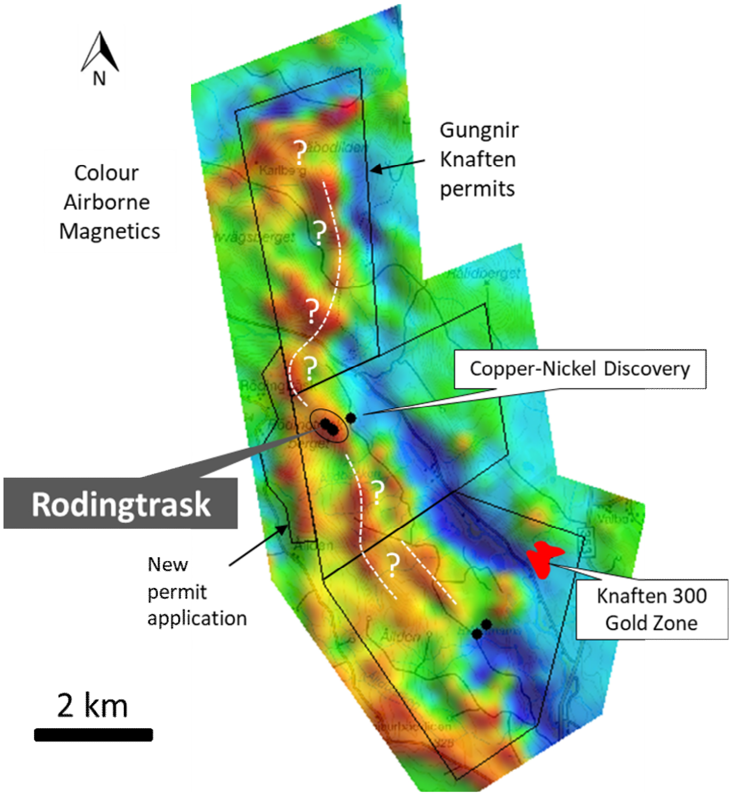
Exploration and Evaluation Properties

Gungnir holds three project areas in northern Sweden within the Fennoscandian Shield, a mineral rich but highly underexplored region, which extends into neighbouring Finland. The Fennoscandian shield continues to offer excellent ore discovery potential, in particular under glacial till (sand and gravel) which covers large areas. Major mining companies active in the Nordic Region (mining, exploration, and investing) include Boliden, Agnico Eagle, Anglo American, Goldcorp and Kinross. Gungnir's key project is Knaften.



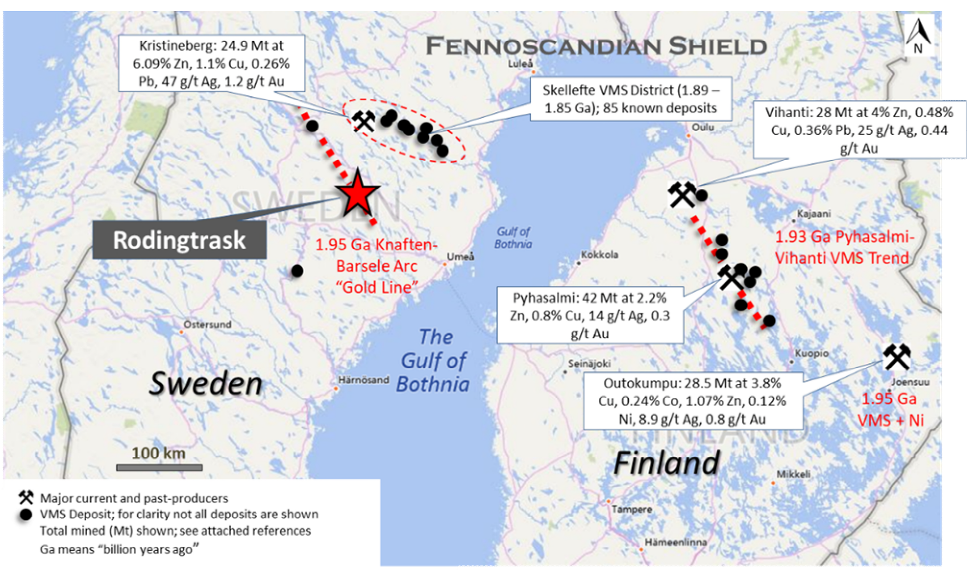
<u>Knaften</u>

The Knaften project is situated at the south end of a regional structure known as the "Gold Line" or Knaften-Barsele Arc located within a prolific VMS region including the Skellefte Belt and VMS belts in Finland. Successful exploration by the Company has resulted in back-to-back new target discoveries in 2017 and 2018 in its first two rounds of drilling. Knaften, its key project, now has two brand new base metal targets (Rodingtrask VMS zinc-copper and a magmatic copper-nickel target) adding significant up-side to the previously gold-only Knaften project. All three targets on Knaften are wide-open for expansion and further discovery.



Knaften - Rodingtrask Target

A new VMS target discovery outside traditional Skellefte belt in northern Sweden with similar age to older VMS deposits in Finland. 2018 drilling encountered widespread metal-enrichment (Zn, Cu, Ag) in core lengths > 100 metres in host conglomerate (see NR's Aug/Oct/Nov 2018). Only 4 holes have tested this target, all into the edges or halo of a large hydrothermal VMS system. So far mineralization, alteration and marker horizon defined over a strike length of 200 metres. Known mineralization is centred on a magnetic high anomaly; several similar magnetic highs clustered on >10 km trend. The current working model is a mafic volcanic-sedimentary VMS setting. The goal now is to locate the core of it targeting higher grade massive sulphide mineralization.



Knaften – Copper-Nickel Target

New discovery by Gungnir in 2017, with a second hole drilled near-by in 2018 cutting a core length of magmatic sulphides assaying 0.38% CuEq over 14.4m (see NR dated Oct 4, 2018). Near-surface intersections are located 400 metres east of the Rodingtrask target. Mineralization consists of disseminated, blebby, patchy and erratically banded pyrrhotite with lesser chalcopyrite. Host rock is gabbro including vari-and orbicular textures which are documented textural styles closely associated with potential massive sulphide accumulations. Blue sky potential on this target as well with only 2 holes into the mineralized system.

Knaften – Knaften 300 Gold Zone

Original target on Knaften covering up-ice of one of the largest gold-in-till anomalies in Sweden which is likely only partially indicated by current drilling at Knaften 300 (~ 50 holes to date by a previous operator). Intrusion-related gold mineralization hosted along the margins of a quartz diorite in both the intrusion and country rock sediments and volcanics. Largely disseminated-style mineralization (arsenopyrite) offering excellent potential for continuity. Gungnir confirmed shallow mineralization with results including 13m of 2.92 g/t Au starting at a depth of 81.5m. Locally, the zone is open to the east and south, and regionally, a magnetic low trend is an obvious target extending several kilometres along strike from Knaften 300.

Lappvattnet and Rormyrberget

The Rormyrberget and Lappvattnet nickel deposits are located in the eastern part of the Vasterbotten District, 60 km and 100 km respectively east of the Company's Knaften gold exploration project. The deposits are held 100% by Gungnir under two separate permits covering an area of 471.3 hectares. The properties are accessible year-round with good transportation and industrial infrastructure including shipping facilities as there are a number of active mines in the area. Gungnir acquired both deposits in open-staking in 2015.

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

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

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

Norrbotten

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

Historic prospecting results include:

- 7.7 g/t Au
- 4.3 g/t Au and 2.3 % Cu
- 3.7 g/t Au, 380 g/t Ag and 1.3 % Cu
- 2.6 g/t Au and 10 g/t Ag
- 2.54 g/t Au
- 2.09 % Cu, 25 g/t Ag and 0.9 g/t Au
- 1.96 % Cu and 1.3 g/t Au

- 1.52 % Cu and 33 g/t Ag
- 3.5 % Ni, 1.76 % Co, 2.42 % Cu

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

Exploration and Evaluation Properties as at December 31, 2018:

Exploration and Evaluation Properties	**December 31, 2017**	**Exploration and evaluation**	**Impairment**	**Loss on sale of property/ Recoveries**	**December 31, 2018**
Gungnir Sweden Properties	879,213	457,283	-	-	1,336,496
	879,213	457,283	-	-	1,336,496

General

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

Quality Control and Quality Assurance Procedure

During exploration programs all data is rigorously evaluated by Gungnir's geologists and contractors, and also by its Qualified Person, to ensure that the data is reliable and accurate, based on the analysis of the blanks, standards and duplicate samples. If the laboratory results for a Gungnir reference standard are plus or minus three standard deviations of the mean value of the certified value, or, if consecutive reference standard values are equal to plus or minus two standard deviations of the mean value, then the samples associated with that standard are re-analyzed by the laboratory.

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

Selected Annual Information

The following table summarizes selected financial data for Gungnir for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards, and related notes.

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Total Revenues	**NIL**	NIL	NIL
General & administrative expenses	**473,259**	433,765	470,461
Write off of exploration costs on outside properties and properties abandoned	**-**	-	148,820
Stock Based Compensation	**-**	32,000	121,004
Net Loss (Gain) from continuing operations:			

- In total	**(633,078)**	(572,118)	618,746
- Basic and diluted loss per share	**(0.01)**	(0.01)	0.01
Total Assets	**2,340,519**	1,611,483	882,984
Total long term liabilities	**NIL**	NIL	NIL
Cash dividends declared	**NIL**	NIL	NIL

Results of Operations

For the Years Ended December 31,	**2018**	2017
Operating Expenses		
General and administration	**92,226**	**93,145**
Compensation	**312,104**	**316,083**
Professional fees	**21,915**	**24,537**
Loss from operations	**426,245**	**433,765**
Other items		
Interest and other income	**680,092**	**(5,883)**
Net gain/(loss) and comprehensive loss for the year	**680,092**	**572,118**
Weighted average number of shares outstanding	**65,335,818**	**63,635,361**
Basic and diluted gain/(loss) per share	**$0.01**	$0.01

Expenses:

The Company's expenses from operations for the years ended December 31, 2018 and 2017 are detailed as follows:

General and administration		**2018**	2017
Shareholder and regulatory	$	**51,237**	27,397
Travel and promotion		**11,001**	44,504
Office		**29,988**	22,268
Non-current accounts payable write-off		**-**	(1,024)
		92,226	93,145

Compensation			
Consulting fees and wages	**$**	**312,104**	284,083
Stock-based compensation		**-**	32,000
	$	**312,104**	316,083

During the fiscal year ended December 31, 2018 total assets increased to $2,340,519 compared to December 31, 2017 assets of $1,611,483; the increase is attributed to the receipt of the second annual Royalty payment of $1,000,000 on May 1, 2018 (plus a one-time $100,000 extension fee) from the sale of the Kenville property. As noted in the table above the net loss experienced by Gungnir is subject to wide variations arising from such matters as property write-downs and disposition and charges for stock-based compensations. These non-cash charges are subject to variations from year to year.

Gungnir's Operating Expenses ("OE") excluding non-cash expenditures (amortization and stock-based compensation) have been very comparable over the last three years as management continues to manage the slightly improved strength in the junior exploration markets. OE for the years ended December 31, 2018 and 2017 excluding non-capital items (depreciation and stock-based compensation) was $426,245 and $433,765 respectively.

Management continues to keep expenses at the minimal whenever possible through 2018, as the general and administrative fees decreased to $92,226 at year end 2018 ($93,145 – 2017).

Consulting fees for the year ended 2018 were $312,104 compared to $284,083 in 2017. Shareholder and regulatory fees increased by $23,840 to $51,237 in 2018, ($27,397 – 2017). Travel and promotion also increased in 2018 compared to 2017 as management was actively overseeing the exploration and corporate affairs in Sweden. In 2018 - $58,016 of travel and promotion was incurred, of which $47,015 was capitalized to the Gungnir Properties compared to $44,504 incurred, of which $nil was capitalized in 2017. Office expenses were also increased by ~30% to $29,988 compared to $22,268 for the years ended December 31, 2018 and 2017 respectively. Gungnir's total assets consist of cash and short-term GIC deposits plus its resource property costs. Working capital balance at year end 2018 was $718,982 compared to $443,739 at year end 2017.

Summary of Quarterly Results – Loss from Operations

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

	Dec. 31, 2018	**Sept. 30 2018 $**	**June 30, 2018 $**	**March 31, 2018 $**	**Dec. 31 2017 $**	**Sept. 30 2017 $**	**June 30 2017 $**	**Mar. 31 2017 $**	**Dec. 31 2016 $**
Resource Properties	1,336,496	1,231,098	897,519	892,039	879,213	658,464	623,504	574,247	572,417
Working Capital	718,982	864,654	1,280,158	318,212	443,739	720,554	844,177	(22,207)	67,977
Revenues	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Loss/(Gain)	104,719	116,941	(967,426)	112,687	110,533	113,650	(915,615)	168,007	365,991
Loss/(Gain) per Share	0.01	(0.00)	0.02	0.00	(0.00)	(0.00)	(0.02)	(0.00)	(0.01)

Discussion

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

Any significant changes to the year ended 2018 financial statements can be attributed to whether the Company completed any equity financings within the year or the volume of exploration and development activities on its properties.

Fourth Quarter Results of Operations –December 31, 2018 and 2017:

For the Quarter Ended December 31,		**3 Months 2018**	3 Months 2017
Operating Expenses			
General and administration	$	**15,769**	19,801
Compensation		**76,591**	76,591
Professional fees		**14,030**	16,351
Other items		**106,390**	112,743

Interest and other income		**(1,671)**	(2,210)
Loss before income taxes		**104,719**	110,533
Net loss and comprehensive loss for the period	$	**104,719**	110,533
Weighted average number of shares outstanding		**65,335,818**	63,635,361
Basic and diluted gain (loss) per share	$	**0.01**	0.01

During the fourth quarter of 2018, Gungnir sustained a loss from operations of $104,719 (2017 - $110,553). Previous quarters for 2018 and 2017 have expenses incurred throughout the years that are fairly well balanced from quarter to quarter when excluding non-cash based charges and any impairment to the Company's properties. Also in the second quarter of 2018 and 2017 the receipt of the annual Advanced Royalty Payments of $1,000,000 per year were recorded.

Administrative costs were slightly lower in the fourth quarter of 2017 of $15,769 compared to the same period in 2017 of $19,801. Compensation was $76,591 during Q4-2018 and in Q4-2017. Professional fees in Q4-2018 were $14,030 (Q4-2017 - $16,351).

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 year ended December 31, 2015, Gungnir has implemented a new corporate structure enabling it to focus its exploration activities in prospecting the Nordanas and Knaften properties in Sweden targeting a large intrusion related gold deposit. The Company is also evaluating opportunities for its Blu Starr flake graphite property in British Columbia.

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

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

During September of 2016 the Company completed a non-brokered private placement of 12,000,000 Units at $0.03 per Unit for gross proceeds of $360,000. Each Unit consisted of one common share and one share purchase warrant exercisable to purchase an additional common share for a period of five years, subject to an acceleration clause, at an exercise price of $0.05 per share. This was the last financing the Company initiated as the Kenville Royalty payments began in 2017.

Due to the sale of the Kenville Mine property in 2014, the Company received a cash payment of $900,000 in 2014 and the first two payments of $1,000,000 in May of 2017 and 2018. These payments are the first two of five Royalty Stream payments against the total of $5,000,000 of the $5,900,000 purchase price. This Royalty Stream will be satisfied by three (3) additional annual payments of $1,000,000 starting on or before April 30, 2019. 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 December 31, 2018 the Company had working capital of $718,982 (December 31, 2017 - $443,739). At the time of this report the Company does have sufficient funds to meet its general and administrative expenses through 2019.

Capital Resources

At December 31, 2018 Gungnir had paid up capital of $30,234,020 representing 66,097,785 common shares without par value, and an accumulated deficit of $35,214,169, resulting in a shareholder's equity (or net assets) of $2,090,585 (2017 - $1,358,043). Gungnir has working capital of $718,982 at December 31, 2018 and had working capital of $443,739 at December 31, 2017.

Business Risks, Uncertainties and Commitments

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

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

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

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

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

Related Party Transactions

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

Salaries paid to key management personnel for the year ended December 31, 2018 total $305,000 (2017 - $234,500). Stock-based compensation paid to key management personnel for the year ended December 31, 2018 total $nil (2017 – $32,000). Key management personnel are comprised of the Company's Chief Executive Officer and Chief Financial Officer.

At December 31, 2018, accounts payable and accrued liabilities include $225,597 (2017 - $225,657) due to directors and organizations controlled by directors.

Financial Instruments

Gungnir' financial instruments consist of cash, receivables, marketable securities, deposits and accounts payable. Unless otherwise noted, it is the Company's opinion that we are not exposed to significant interest, currency or credit risks. Gungnir has to date not entered into the use of derivative instruments or foreign exchange contracts to hedge gains or losses arising from foreign exchange fluctuations.

Significant accounting judgements and estimates

A summary of all the Company's significant accounting policies is included in Note 2 to the annual financial statements for the year ended December 31, 2018.

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

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

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

Evaluation and exploration properties

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

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

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

Stock-based Compensation

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

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

Critical accounting policies and changes in accounting policies

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended December 31, 2018, 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 December 31, 2018 the Company carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure control and procedures are effective to ensure that information required to be (a) disclosed is recorded, processed, summarized and reported in a timely manner and (b) disclosed in the reports that we file or submit is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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

Outstanding Share Data

The authorised share capital in Gungnir Resources Inc. consists of 500,000,000 common shares. During June 2014, the Company consolidated the outstanding capital of the Company (184,657,410) on a basis of one post consolidated common share for every five currently issued and outstanding common shares for a total of 36,931,482. Following the capital consolidation, the Company issued 6,517,303 at a deemed price of $0.05 per share as part of the acquisition of the Gungnir properties in Sweden. The Company also completed a private placement on June 30, 2014 for 1,600,000 Units at a price of $0.05 per Unit. Each Unit consists of one common share and one warrant. Each warrant entitled the holder to acquire an additional common share of the Company at $0.05 per share for 36 months; which expired in 2017.

In November of 2015 the Company completed a non-brokered private placement of 6,200,000 Units at $0.01 per Unit for gross proceeds of $62,000. Each Unit consisted of one common share and one share purchase warrant exercisable to purchase an additional common share for a period of five years, subject to an acceleration clause, at an exercise price of $0.05 per share.

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

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

Share-based Compensation

Options

The Company has adopted a 2015 Incentive Stock Option Plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve month period will not exceed 10% of the Company’s issued and outstanding common shares.

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

	December 31, 2018			December 31, 2017		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Options outstanding, beginning of year	6,300,000	$	0.05	6,300,000	$	0.05
Granted	-		-	800,000		0.05
Expired/Cancelled	-		-	(800,000)		0.50
Options outstanding, end of year	**6,300,000**	**$**	**0.05**	**6,300,000**	**$**	**0.05**

	2018	2017
Options exercisable, end of year	6,300,000	6,300,000
Weighted average contractual remaining life (years)	1.92	2.92

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 December 31, 2018:

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 NIL was incurred during 2018 (2017 - $32,000).

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 (2017 - $nil), average risk-free interest rate of 1.12% (2017 – 1.12%), expected life of 5 years (2017 – 5 years), stock price of $0.04 (2017 - $0.04) and an expected volatility of 321% (2017– 321%).

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

Warrants

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

The following table summarizes information about the warrants for years ended December 31, 2018 and 2017:

	December 31, 2018			December 31, 2017		
	Warrants		Weighted average exercise price	Warrants		Weighted average exercise price
Beginning of year	16,400,000	$	0.05	19,800,000	$	0.05
Granted	-		0.05			0.05
Exercised	(1,049,000)		(0.05)	(1,800,000)		(0.05)
Cancelled/Expired			(0.05)	(1,600,000)		(0.05)
Warrants outstanding, end of year	**15,351,000**	**$**	**0.05**	**16,400,000**	**$**	**0.05**

	2018	2017
Weighted average contractual remaining life (years)	2.50	3.51

Summary of post consolidation warrants outstanding at December 31, 2018:

Number outstanding	**Exercise price ($)**	**Expiry date**
4,500,000	0.05	December 2, 2020
10,851,000	0.05	September 28, 2021
15,351,000		

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, 2017	$	3,605,793	$	3,045,109	$	6,650,402
Options expired		-		-		-
Warrants expired		-		-		-
December 31, 2018	**$**	**3,605,293**		**3,045,109**	**$**	**6,650,402**

Loss per Share

Years ended		**December 31, 2018**		December 31, 2017
Numerator: Net income / (loss) attributable to common shareholders – basic and diluted	$	680,092	$	572,118
Denominator: Weighted average number of common shares outstanding – basic and diluted		65,335,818		63,635,361
Basic and diluted income / (loss) per share	$	0.01	$	(0.01)

Diluted loss per share did not include the effect of 6,300,000 (2017 – 6,300,000) share purchase options, 15,351,000 (2017 – 16,400,000) warrants as they are anti-dilutive.

Subsequent Events

On April 25, 2019 the Corporation entered into a royalty option agreement (the "**Agreement**") with Ximen Mining Corp. (XIM: TSX-V) ("**Ximen**") pursuant to which the Company has granted to Ximen an option to purchase the

Company's remaining royalty interest in the Kenville Gold Mine property ("**Kenville**") for total consideration of $1,700,000 (the "**Purchase Price**").

To exercise its option, Ximen will pay the Purchase Price as follows:

- $500,000 in cash, currently held in escrow and to be released to Gungnir upon approval of the transaction by the TSX Venture Exchange ("**TSXV**");
- $200,000 in common shares of Ximen (the "**Shares**"), to be issued within 10 days after the TSXV approval at a price per share equal to the volume weighted average price of the Shares for the 20 trading days prior to the announcement date; and
- $1,000,000 in cash, to be paid on or before October 31, 2019.

The exercise of the option is subject to Ximen paying the Purchase Price as set out above and the receipt of TSXV approval on or before June 15, 2019 (unless such date is extended in accordance with the Agreement).

Once issued, the Shares will be subject to a hold period of four months and a day from the date of issuance.

Kenville was sold in 2014 for $5,900,000. The Company has received $3,000,000 from this original property transaction. The remaining payments, which are secured by the Company's Royalty Agreement, registered on title to Kenville, were scheduled for April 30th, 2019, 2020 and 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.

BY ORDER OF THE BOARD OF DIRECTORS OF

GUNGNIR RESOURCES INC.