

**SILVER SHIELD RESOURCES CORP.**  
(An Exploration Stage Company)  
**CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**  
(Unaudited - Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**SILVER SHIELD RESOURCES CORP.**  
(An Exploration Stage Company)  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(Unaudited-Prepared by Management)

		March 31 2015	Audited December 31 2014
	<u>Notes</u>		
<b>Assets</b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents		\$ -	\$ -
Accounts receivable	5	<u>2,717</u>	<u>860</u>
		<u>2,717</u>	<u>860</u>
<b>MINERAL PROPERTIES</b>			
Mineral claims	6	239,500	239,500
Deferred exploration costs		<u>1,965,000</u>	<u>1,965,000</u>
		<u>2,204,500</u>	<u>2,204,500</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	7	<u>5,328</u>	<u>5,615</u>
		<u>2,212,545</u>	<u>2,210,975</u>
<b>LIABILITIES</b>			
<b><u>CURRENT LIABILITIES</u></b>			
Bank overdraft		82	61
Accounts payable & accrued liabilities		237,672	241,348
Royalties payable	6	259,526	246,026
Due to Northern Nickel Mining Inc	11	69,736	69,736
Due to related parties	11	399,806	399,806
Black Birch Capital Loan	13	<u>61,452</u>	<u>25,520</u>
		<u>1,028,274</u>	<u>982,497</u>
<b>SHAREHOLDERS EQUITY</b>			
SHARE CAPITAL	8	5,245,466	5,245,466
CONTRIBUTED SURPLUS	8	1,203,760	1,203,760
DEFICIT		<u>(5,264,955 )</u>	<u>(5,220,748)</u>
		<u>1,177,271</u>	<u>1,228,478</u>
		<u>\$2,212,545</u>	<u>\$2,210,975</u>
Description of business	1		
Going Concern	2(c)		
Subsequent Event	16		

APPROVED ON BEHALF OF THE BOARD:

Signed Frank Kordy, Director and Interim CEO

Signed Stephen Mlot, Director

**SILVER SHIELD RESOURCES CORP.**  
(An Exploration Stage Company)  
**INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND  
COMPREHENSIVE LOSS AND DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**  
(Unaudited - Prepared by Management)

	<u>2015</u> (Unaudited)	<u>2014</u> (Unaudited)
<b>EXPENSES</b>		
Bank service charges	21	\$ (133)
Loan interest	6,518	-
Mineral royalty costs	13,500	13,500
Office and administrative and meeting costs	4,969	1,738
Transfer agent, listing and filing fees	<u>18,912</u>	<u>7,243</u>
	<u>43,920</u>	<u>22,348</u>
<b>NET LOSS BEFORE OTHER ITEMS</b>	<u>(42,920)</u>	<u>(22,348)</u>
Depreciation and amortization	<u>(287)</u>	<u>(354)</u>
	<u>(287)</u>	<u>(354)</u>
<b>LOSS FOR THE PERIOD</b>	(44,207)	(22,702)
<b>FUTURE INCOME TAX (RECOVERED)</b>	-	-
<b>LOSS AND COMPREHENSIVE LOSS</b>	(44,207)	( 22,702)
<b>DEFICIT, BEGINNING OF PERIOD</b>	<u>(5,220,748)</u>	<u>(5,149,570)</u>
<b>DEFICIT, END OF PERIOD</b>	<u><u>\$(5,264,955)</u></u>	<u><u>\$(5,172,272)</u></u>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	<u>\$(0.001)</u>	<u>\$(0.001)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<u>82,570,350</u>	<u>82,570,350</u>

Going Concern (Note 2)

**SILVER SHIELD RESOURCES CORP.**  
(An Exploration Stage Company)  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**  
(Unaudited - Prepared by Management)

	<u>2015</u> (Unaudited)	<u>2014</u> (Unaudited)
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss and comprehensive loss for the period	\$(44,207)	\$(22,702)
Add items not involving cash		
- depreciation and amortization	287	354
Change in non-cash working capital items	<u>7,967</u>	<u>22,498</u>
Net cash flow from operations	<u>(35,953)</u>	<u>150</u>
<b>FINANCING ACTIVITIES</b>		
Black Birch Loan	<u>35,932</u>	-
Net cash flow from financing	<u>35,932</u>	-
<b>INCREASE (DECREASE) IN CASH</b>	(21)	150
CASH - beginning of period (overdraft)	<u>(61)</u>	<u>(539)</u>
CASH - end of period (overdraft)	<u>\$(82)</u>	<u>\$(389)</u>
Change in non-cash working capital items:		
GST and value added tax recoverable	(1,857)	364
Accounts payable and accrued liabilities	(3,676)	8,634
Royalties payable	<u>13,500</u>	<u>13,500</u>
	<u>\$7,967</u>	<u>\$ 22,498</u>

- there were no additional non-cash transactions during either the three month period ending March 31, 2014 or March 31, 2015

Supplemental disclosure with respect to non-cash transactions: none.

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# SILVER SHIELD RESOURCES CORP.

(AN EXPLORATION STAGE COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS

	<i>Common Stock</i>		Contributed Surplus	Deficit	Total
	# of shares	Amount			
<b>Balance December 31,2013</b>	<b>82,570,350</b>	<b>5,245,466</b>	<b>1,203,760</b>	<b>(5,149,570)</b>	<b>1,299,656</b>
Loss and comprehensive loss				(22,702)	(22,702)
<b>Balance March 31,2014</b>	<b>82,570,350</b>	<b>5,245,466</b>	<b>1,203,760</b>	<b>(5,172,272)</b>	<b>1,276,954</b>
<b>Balance December 31,2014</b>	<b>82,570,350</b>	<b>5,245,466</b>	<b>1,203,760</b>	<b>(5,220,748)</b>	<b>1,228,478</b>
Loss and comprehensive loss				(44,207)	(44,207)
<b>Balance March 31,2015</b>	<b>82,570,350</b>	<b>5,245,466</b>	<b>1,203,760</b>	<b>(5,264,955)</b>	<b>1,177,271</b>

# **SILVER SHIELD RESOURCES CORP.**

## **(AN EXPLORATION STAGE COMPANY)**

*NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS*

### **1. DESCRIPTION OF BUSINESS**

Gemini Acquisitions Inc. ("the Company") was incorporated under the Ontario Business Corporations Act on June 1, 2006. The Company's principal business activity is the exploration of mineral resource properties primarily in Ontario and Mexico. On December 14, 2007, the Company acquired all of the issued and outstanding shares of Silver Shield Resources Inc. by issuing common shares of the Company. This business combination had been accounted for as a reverse takeover with Silver Shield Resources Inc. as the accounting parent. Silver Shield Resources Inc. was incorporated under the Ontario Business Corporations Act on May 2, 2006. On March 4, 2008, the Company received Articles of Amendment to change the name of the Company to Silver Shield Resources Corp. ("SSRC"). The Company is a reporting issuer in Ontario, Alberta and British Columbia and trades on the TSX Venture Exchange as a Tier II reporting issuer under the symbol "SSR.V."

The address of the Company's corporate office and principal place of business is 2 Toronto Street, Suite 212, Toronto, Ontario, Canada.

### **2. BASIS OF PRESENTATION**

#### *(a) Statement of Compliance to International Financial Reporting Standards*

The consolidated financial statements of the Company for the three months ended March 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements should be read in conjunction with the Company's 2014 annual financial statements. All material intercompany transactions and balances have been eliminated. The consolidated financial statements include all the accounts of the following companies:

Silver Shield Resources Corp-parent company in Ontario Canada.

Silver Shield Resources S.A.de CV -100 % owned subsidiary company incorporated in Mexico.

The Company incorporated the Mexican subsidiary on April 10,2007 in order to formalize the option agreement for the La Cumbre Property in Mexico. The shares of the Mexican subsidiary are held in trust by the Canadian director and the former VP of Exploration and President and are beneficially owned by Silver Shield Resources Corp. The consolidated financial statements were authorized for issue by the Board of Directors on May 27,2015.

#### *(b) Basis of Measurement*

These consolidated financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

#### *(c) Going Concern of Operations*

The Company has not generated revenue from operations. The Company incurred a net loss of \$44,207 during the three months ended March 31, 2015 and, as of that date the Company's deficit was \$5,264,955. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

# SILVER SHIELD RESOURCES CORP.

## (AN EXPLORATION STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position as at January 1st, 2010 for the purposes of transition to IFRS, unless otherwise indicated.

#### (a) Foreign Currencies

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statement of loss and comprehensive loss. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### (b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

#### (c) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the consolidated statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

If the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.



# SILVER SHIELD RESOURCES CORP.

## (AN EXPLORATION STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *(d) Plant and Equipment*

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. Depreciation is provided at rates calculated to write off the cost of the property, plant and equipment, less their estimated residual value, using the straight line method at various useful lives:

Equipment 20% declining balance  
Computers 55% declining balance

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

#### *(e) Impairment of Non-Financial Assets*

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial yearend. Other non-financial assets, including mineral exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash generating unit for which impairment testing is performed. An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

# SILVER SHIELD RESOURCES CORP.

## (AN EXPLORATION STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Financial Instruments

Financial assets and liabilities are classified into one of the following categories based on the purpose for which the asset was acquired or for which the liability was incurred.

Cash and cash equivalents Fair value through profit or loss

Accounts receivable Loans and receivables

Accounts payable and accrued liabilities Other financial liabilities

Royalties payable Other financial liabilities

Fair Value Through Profit or Loss

Fair value through profit or loss makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

#### Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

#### Other Financial Liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transactions costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

#### (g) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

# SILVER SHIELD RESOURCES CORP.

## (AN EXPLORATION STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### (h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### Loss Per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

# **SILVER SHIELD RESOURCES CORP.**

## **(AN EXPLORATION STAGE COMPANY)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *(i) Share-Based Payments*

The fair values of share options granted to employees are recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

#### *(j) Standards, Amendments and Interpretations Not Yet Effective*

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRS'. This eliminates the need for the Company to restate de-recognition transactions that occurred before the date of transition to IFRS. The amendment is effective for year-ends beginning on or after July 1, 2011; however, the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 de-recognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, will or may have an effect on the Company's future results and financial position:

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, will not have an effect on the Company's future results and financial position:

**IFRS 9: Financial Instruments** is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement: IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard.

The ISAB has published Recoverable Amount Disclosures for Non-Financial Asset (Amendments to IAS 36). These narrow scope amendments to IAS 36, Impairment of Assets, address the disclosure of information of the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13, Fair Value Measurement the ISAB decided to amend IAS 36 to require disclosures of the recoverable amount of impaired assets. The amendments clarify the IASB's original intention that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less disposal costs. The amendments are to be applied retrospectively for annual periods based on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Company has determined that there will be no material changes to the financial statements, arising from the adoption of this change.

The ISAB has issued Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), to clarify its requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify (a) the meaning of "currently has a legally rate of set-off", and (b) that some gross settlement systems may be considered equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014, and are required to be applied retrospectively. The Company has determined that there will be no material changes in the financials arising from the adoption of this change.

# **SILVER SHIELD RESOURCES CORP.**

## **(AN EXPLORATION STAGE COMPANY)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
EXPRESSED IN CANADIAN DOLLARS

### **4. CRITICAL ACCOUNT ESTIMATES AND JUDGMENTS**

Silver Shield Resources Corp. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

#### *(a) Mineral Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

#### *(b) Income Taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

#### *(c) Share-Based Payment Transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the Black Scholes valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock-based payment transactions are disclosed in Note 9.

### **5. ACCOUNTS RECEIVABLE**

The accounts receivable are input tax credits due from the Government of Canada.

# **SILVER SHIELD RESOURCES CORP.**

**(AN EXPLORATION STAGE COMPANY)**

*NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*

*FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014*

*EXPRESSED IN CANADIAN DOLLARS*

## **6. MINERAL PROPERTIES**

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable mineral resources.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveying history characteristics of many mineral properties. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

The Company enters into exploration agreements whereby they may earn an interest in certain mineral properties by issuing Common Shares, making cash option payments and/or incurring expenditures in varying amounts by specified dates. Failure by the Company to meet such requirements can result in a reduction of ownership interest.

**SILVER SHIELD RESOURCES CORP.**  
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6. MINERAL PROPERTIES (Continued)

The Company's mineral property interests consist of various early stage exploration projects as detailed below:

	2015	2014
Hislop	\$	
Welsh Silver Mine	152,000	152,000
Lost Dog Property	87,500	87,500
Ogden & Carscallen	-	-
Jairpo & LaCumbre	-	-
Temixco	-	-
	<u>\$ 239,500</u>	<u>\$ 239,500</u>

	Hislop	Wilder Duggan Mine	Welsh Silver Mine	Lost Dog Property	Ogden & Carscallen	Jaripo & LaCumbre	Total
<b>Balance December 31, 2013 and March 31, 2014</b>	-		<b>\$ 1,525,479</b>	<b>\$ 439,521</b>	\$ -	\$ -	<b>\$ 1,965,000</b>
<b>Balance December 31, 2014 and March 31, 2015</b>	-		<b>\$ 1,525,479</b>	<b>\$ 439,521</b>	\$ -	\$ -	<b>\$ 1,965,000</b>

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### **6. MINERAL PROPERTIES (continued)**

#### **PROPERTY DESCRIPTIONS**

(a) Welsh Silver Mine, Ontario: The Welsh Silver Mine Property, consisting of one mining lease and nine mining claims is located in Mickle Township near the Town of Elk Lake in Ontario. Under the terms of the Welsh Property Option Agreement dated July 17, 2006, the Company can earn a 100% interest in the property. The Company paid the vendor a cash payment of \$20,000 upon signing the agreement plus an additional \$20,000 in July 2007, and has issued to the vendor 400,000 common shares valued at \$46,000. The Company was also required and has satisfied the \$50,000 expenditure commitment. The Company has paid the vendor an additional \$40,000 and 260,000 common shares July 17, 2008. A 2 % Net Returns Royalty ("NSR") is on the property with advance royalties being due of \$30,000 per year commencing in 2009.

#### (b) Ogden and Carscallen Property, Ontario

On August 19, 2009, the Company entered into an agreement to acquire 2 mining claims in the West Timmins Area of Ontario. Under the terms of the agreement, the Company has issued 500,000 common shares of the Company valued at \$35,000. The Company is also required to expend \$500,000 in exploration costs over a two year period. The vendors of the property will retain a 1.5% NSR which the Company has the right to purchase at any time for \$1,250,000. A director of the Company is one of the vendors of the property with a 25% interest. The Company has taken an impairment charge in 2013 for the exploration and evaluation expenditures on the property.

#### (d) Lost Dog Property, Ontario

On December 2, 2009, the Company entered into an agreement to acquire 36 mining claims in Denton Township, 30 kilometres south-west of Timmins, Ontario. Under the terms of the agreement, the Company can acquire a 100% interest in the property by paying the vendors \$10,000 and issuing to the vendors 250,000 common shares of the Company upon regulatory acceptance (paid cash and issued common shares subsequent to year-end on January 23, 2010), an additional \$20,000 and 250,000 common shares have been paid and issued. An additional \$20,000 and 250,000 common shares were to be paid prior to December 31, 2011. The vendors of the property will retain a 2% NSR which the Company has the right to purchase 1% NSR at any time for \$1,000,000. The company has paid with the acceptance of the vendors the shares and cash payments due. These payments were made in March 2012 and accepted by the vendors. The property will now be owned 100 %.



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### 6. MINERAL PROPERTIES (continued)

#### (d) Timmins Joint Venture Agreement, Ontario

On March 5, 2010, the Company entered into a purchase and joint venture agreement, whereby the Company and Mhakar Gold Corp. ("Mhakar") can each acquire a 50% interest in a collection of 17 mining claim units in Ogden, Mountjoy, Denton and Carscallen Townships of Ontario. Under the terms of the agreement, the Company and Mhakar must each pay the vendors \$21,250 and issue 355,000 common shares upon regulatory approval of the agreement (the Company paid its portion of cash and issued shares on March 18, 2010) and each an additional \$21,250 and 355,000 common shares on the first anniversary of the agreement. As of December 31, 2013 the shares were issued but the cash payment had not been made and the extension has expired. The property costs were written off in 2013.

#### (e) La Cumbre Property, Mexico

On June 29, 2007, the Company entered into an agreement to acquire 2 mining concessions in the State of Guerrero, Mexico. Under the terms of the agreement, the Company can acquire a 100% interest in the two concessions by paying the vendor \$68,000 U.S. The Company paid the vendor scheduled payments totaling \$40,000 U.S. plus taxes of \$6,000 during 2007. A final payment of \$28,000 U.S. plus taxes was paid in 2008 and the company owes no further payments. The vendor of the property will retain a royalty of \$1.00 U.S. for each tonne of ore extracted, milled and processed from the Mining Lots. The Company has not made the royalty payments and the property was written off in 2013.

#### (f) Jaripo Property, Mexico

On July 1, 2009, the Company entered into an agreement to acquire the Jaripo concession in Michoacan State of Mexico. Under the terms of the agreement, the Company can acquire a 100% interest in the concession by paying the vendor \$25,000 U.S. upon signing of the agreement (paid July 31, 2009), \$25,000 U.S. prior to January 31, 2010 (Paid) \$50,000 U.S. prior to July 31, 2010, (Paid) \$75,000 U.S. prior to July 31, 2011 and a final payment of \$1,825,000 U.S. prior to July 31, 2012. The company has not paid the July 31, 2011 payment and the main property returned to vendor. As such the company maintains its staked property Jaripo III and has written off the costs associated with the other Jaripo I and Jaripo II. The Mexican retained taxes and payables were written off in 2013.

#### (g) Temixco Property

Silver Shield Resources acquired the Temixco concession in the state of Guerrero, Mexico by denouncing (staking). The concession totals 1,058 ha in size. The concession hosts from 350,000 to 500,000 tonnes of Tailings along with 3 old mines. The tailings were produced by milling on site of mineralization that came from a massive sulfide deposit located ~5 km to the east and was last worked in 1943. Advancing to production by re-processing this tailing deposit is a priority project for Silver Shield. SSR has only performed preliminary work at this stage to evaluate the potential of the tailings. The old mines, hosted within Tertiary age rhyodacite and rhyodacite tuff, are located ~3 km. to the northwest of the tailings area. Mineralization is located in veins and consists of gold, silver and copper. No work has been performed by the company at this time on the old mines. This property was written off in 2013.

#### (h) Hislop Property

The Hislop Property consists of 21 mining claims in Hislop Township Ontario. The agreement calls for a cash payment of \$ 6,000 which was paid and the issue of 2,200,000 common shares which were issued May 23, 2012. The vendors retain a 2 % NSR with buyout provision by SSR of 1 % got \$1,000,000. The company did not perform the required assessment work and the property was written off in 2013.

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### 7. PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value 2015
Equipment	\$18,035	12,771	5,264
Computer equipment	6,225	6,161	64
	<u>\$24,260</u>	<u>18,932</u>	<u>5,328</u>
	Cost	Accumulated	Net Book
Equipment	18,035	12,494	5,541
Computer equipment	6,225	6,151	74
	<u>\$ 24,260</u>	<u>\$ 18,645</u>	<u>\$ 5,615</u>

Depreciation expense for the period was \$ 287 (2014- \$ 354)

### 8. SHAREHOLDERS' EQUITY

(a) (i) Common Shares- the Company is authorized to issue an unlimited number of common shares.

(ii) Issued

	Number of shares	Amount
<u>Balance Dec 31/13 Mar 31/14</u>	<u>82,570,350</u>	<u>5,245,466</u>
<u>Balance Dec 31/14 and Mar 31/15</u>	<u>82,570,350</u>	<u>5,245,466</u>

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### 8 (b)

#### Warrants

	Number of Warrants	Amount	Weighted Average Exercise Price
<u>Balance Dec 31, 2013 and Mar 31/14</u>	<u>Nil</u>	<u>Nil</u>	
<u>Balance Dec 31, 2014 and Mar 31/15</u>	<u>Nil</u>	<u>Nil</u>	

The fair value at the issue date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the warrant, the impact of dilution, the share price at the issue date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the warrant. The company issues all warrants an exercise price equal to or greater than the market value of the underlying common shares on the date of issue. The fair value of these warrants was calculated using Black Scholes valuation model with the following assumptions: 24 month expected term; 150% expected volatility (2014 - 150%); risk-free interest rate of 1.45% (2014 - 1.45%); and a dividend yield of Nil% (2014 - Nil%). This pricing model requires the input of highly subjective assumptions noted above. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's warrants.

#### (c) Stock Options

There was no option activity during 2014 or 2015.

			Weighted Average Exercise price	Amount
<u>Options outstanding – Dec 31/13</u>	<u>Mar 31/14</u>	<u>5,000,000</u>	<u>0.10</u>	<u>\$ 162,400</u>
<u>Options outstanding - Dec 31/14</u>	<u>Mar 31/15</u>	<u>5,000,000</u>	<u>0,10</u>	<u>\$ 162,400</u>

The following table summarizes information about stock options outstanding and exercisable at March 31, 2015:

<u>Exercise Price</u>	<u>Number of Options</u>	<u>Number of Options Vested</u>	<u>Expiry Date</u>
\$ 0.10	3,800,000	3,800,000	August 23, 2015
\$ 0.10	1,200,000	1,200,000	August 23, 2015

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## 8. SHAREHOLDERS' EQUITY (continued)

### Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The company grants all employee stock options with an exercise price equal to or greater than the market value of the underlying common shares on the date of grant. Compensation expense recorded for the three months ended March 31, 2015 was \$ NIL (2014 - NIL). The fair value of these options was calculated using Black Scholes valuation model with the following assumptions: 60 month expected life; 150% expected volatility (2014 - 150%); risk-free interest rate of 1.45% (2014 - 1.45%); and a dividend yield of Nil% (2014 - Nil%). Option pricing models require the input of highly subjective assumptions noted above. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's purchase options.

### Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

### (d) Contributed Surplus and Reserves

Contributed surplus is made up of the following amounts:

	<u>2015</u>	<u>2014</u>
Options reserve	\$162,400	\$162,400
Warrants reserve	-	195,040
Contributed surplus	<u>1,041,360</u>	<u>846,320</u>
Total contributed surplus	<u>\$1,203,760</u>	<u>\$ 1,203,760</u>

The following events have impacted contributed surplus during the current period:

Balance, beginning of period	<u>1,203,760</u>
Balance, March 31, 2015	<u>\$ 1,203,760</u>

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### 8. SHAREHOLDERS' EQUITY (continued)

#### (e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Deficit'. 'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Deficit' is used to record the Company's change in deficit from earnings and losses from period to period.

### 9. INCOME TAXES

Income tax expense is recognized based on the current income tax rate. A reconciliation of income taxes at the rates expected to apply when the asset is realized of approximately 26.3% (December 31, 2014 – 26.3%) with the reported taxes is as follows:

	December 31, 2014	December 31 2013
Loss before income taxes	\$(71,178)	\$ (1,667,132)
Expected income tax recovery	(18,720)	(438,456)
Write off mineral properties		403,785
Share issue costs	(3,148)	(3,148)
Benefit of tax asset not previously recognized	21,868	37,819
Provision for current income taxes	\$ -	-

The significant components of the Company's deferred income tax assets are as follows:

	December 31 2013	December 31 2012
Temporary differences	\$ (394,000)	\$ (393,220)
Operating losses carried forward	670,000	660,000
Unrecognized deferred tax asset	\$ 276,000	\$ 266,780

Recognition of deferred tax assets for unused tax losses and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The amounts recognized above offset the tax liability created by the renunciation the tax benefits related to flow-through shares. The balance of the deferred tax asset has not been recognized in the financial statements.

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### 10. BASIC AND DILUTED LOSS PER SHARE

	2014	2014
Loss for the year	\$(44,207)	\$(22,702)
Weighted average number of common shares Outstanding	82,570,350	82,570,350
Basic loss per share	(0.001)	(0.020)
Diluted loss per share	(0.001)	(0.020)

### 11. RELATED PARTY TRANSACTIONS

The company did not incur any related party transactions in the period as it is on care and maintenance.

### 12. SEGMENTED INFORMATION

The Company operated in one reportable operating segment, being the exploration of mineral properties. The Company's geographical information is as follows:

	2015	2014
<u>Mineral Properties:</u>		
Canada	\$2,204,500	\$2,204,500
Mexico	-	-
	<u>\$2,204,500</u>	<u>\$2,204,500</u>
	2015	2014
<u>Total Assets:</u>		
Canada	\$2,212,545	\$2,210,975
Mexico	-	-
	<u>\$2,212,545</u>	<u>\$2,210,975</u>

### 13 . BLACK BIRCH CAPITAL LOAN

On November 17, 2014 the Company entered into a loan agreement with Black Birch Capital for \$ 50,000 to be used exclusively for costs to remove the cease trade orders and to get the company reinstated on the Toronto Venture Exchange. The loan bears interest at 24 % per annum. Once the trading ban is lifted the company will issue 50,000 common share warrants. Each warrant will allow the holder to acquire one common share at a price of \$0.10 per common share. The warrants will expire 24 months from the date of issuance. As of March 31, 2015 \$ 61,452 of the Black Birch Loan had been used to pay bills.

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## **14. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be shareholders' equity, which is comprised of capital stock, contributed surplus, and deficit. The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during 2014 and 2015.

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## 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico and a portion of its costs and expenses are incurred in Canadian dollars, United States dollars and Mexican pesos. A significant change in the currency exchange rates between the United States dollar and/or the Mexican peso relative to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

### Commodity Price Risk

The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of silver.

### Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. As at March 31, 2015 the Company's current liabilities totaled \$1,028,274 while cash and equivalents totaled \$nil. As a result, the Company will require additional funding to maintain corporate and administrative functions and to fund its continuing exploration activities and commitments.

### Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of silver and gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## 16. SUBSEQUENT EVENTS

As of May 21, 2015 the company has filed, on SEDAR, all its required documents with all regulatory bodies and the Cease Trade orders against the company and its officers and directors was rescinded and the Company commenced trading on the NEX Exchange under the trading symbol "SSR.H."

## 17. CASH FLOW SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>DEC 2014</u>
Common shares issued for debt	\$ NIL	\$ Nil
Interest Paid	6,518	(72)