SILVER SHIELD RESOURCES CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015

The following Management Discussion and Analysis ("MD&A") of the Corporation has been prepared based on information available to the Corporation as at April 25, 2016 and analyzes the Corporation's results for the Year ended December 31, 2015. The financial statements of the Corporation have been prepared by Management and reviewed and adjusted by Ross Pope LLP, the Auditors for the Corporation, in accordance with Canadian generally accepted accounting principles. The Corporation's financial reporting framework is International Financial Reporting Standards (IFRS).

The MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2015 and the notes thereto.

All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to Silver Shield Resources Corp. is available for review on SEDAR at www.sedar.com .

Overview

The Corporation's principal business activity has been the acquisition, exploration and development of high potential natural resource properties, with particular focus on silver and gold. Metal prices have been extremely volatile over the past years and the decline in Oil prices in the last year has added to the confusion in commodity price direction.

Share values for mining issuers have been in decline for over 4 years and while showing potential for reversal, remain under pressure at this time. The Corporation has been unable to attract financing for its exploration and development activities since the beginning of 2011.

On December 16, 2015 the Corporation announced the calling of a special meeting of shareholders to be held on January 28, 2016, to consider, and if deemed appropriate, to approve, special resolutions to authorize an amendment of the Corporation's articles which will grant the Directors of the Corporation the authority to create a new class of preferred shares, to implement a change of business, to grant the Directors the ability to implement a name change that better reflects the change of business, and to approve the Corporation's stock option plan. The resolutions were passed at that meeting by an overwhelming 99% of the shareholders voting in favor for.

On April 19, 2016 the Corporation announced that it has been granted conditional approval - subject to shareholder consent - by the Canadian Securities Exchange to implement the Corporation's proposed change of business from a "Mining & Exploration" Corporation to a "Merchant Bank" and its proposed name change from "Silver Shield Resources Corp.", to "Gunpowder Capital Corp".

Although the Corporation had received shareholder approval to conduct the name change and the change in business at the Special Meeting, in order to fully implement Resolutions regarding the change of Business and Name Change the Corporation was required to submit to the Canadian Securities Exchange a listing statement outlining the details of the Corporation, and its new proposed business structure. Once the listing statement is approved by the Canadian Securities Exchange, the Corporation will inform shareholders, and will begin the process of acquiring shareholder consent to approve these matters. Implementation of the new business direction and the raising of financing through the issuance of both Common, and Preferred shares, has been progressing on a limited basis since that meeting. The listing statement is expected to be approved by the CSE before the end of April 2016 and merchant banking activities will become the main activity upon shareholder consent. Details of financing activities are reported below in the Financing Activities section.

Shareholders are invited to view the Corporation's listing statement which outlines the Corporation's business plan, and serves as the basis for the Conditional Approval from the CSE. The listing statement can be viewed by visiting the Corporation's CSE corporate profile page at http://thecse.ca/en/listings/mining/silver-shield-resources-inc and downloading the Listing statement itself entitled "SSR - Form 2A - Listing Statement For Gunpowder Capital Corp" which can be found under the "CSE Filings" archive module towards the bottom of the page.

Shareholders will be instructed as to how they can give their consent to the proposed changes as outlined in the listing statement shortly.

The Corporation held its last AGM, on April 30th 2015, and is current on Annual meetings. Please refer to the Notice of Meeting and Management Information Circular filed on SEDAR. Resolutions appointing the Auditor for the next year, election of directors, and providing for use of "Notice and Access" rules were voted on. All resolutions were passed with 18,648,138 votes being cast or 22.58% of 82,570,350 shares outstanding. 18,638,138 votes were cast in favor of the resolutions, 10,000 votes were not voted and 0 votes were cast against the resolutions.

In 2014, the Corporation was unable to fund the preparation of Audited Financial Statements for the Year End of 2013. The Corporation was subject to a Cease Trade Order issued by the British Columbia Securities Commission ("BCSC") on May 8, 2014, a Cease Trade Order issued by the Ontario Securities Commission ("OSC") on May 20, 2014 and a Cease Trade Order issued by the Alberta Securities Commission ("ASC") on June 19, 2014 for failure to file financial statements (collectively, the "Orders").

As of May 8, 2015, the Corporation had filed all outstanding continuous disclosure documents, including the Audited Financial Statements for the Year Ended December 31, 2014, required to be filed under Ontario Securities Law, and the Corporation is currently up-to-date in all of its required disclosure filings. As a result of this the Ontario Securities Commission, British Columbia Securities Commission and Alberta Securities Commission have granted a full revocation of the cease trade orders (the "CTOs") that were previously filed against the Corporation. Please refer to the Corporation's Press Release dated May 8, 2015, filed on SEDAR, for further details.

Application was subsequently made to the TSX-Venture Exchange for resumption in trading of the shares in the Corporation, and the common shares resumed trading, at opening, on the NEX Board on Thursday May 21st, 2015. Please refer to the Corporation's Press Release dated May 20, 2015, filed on SEDAR, for further details.

Management had, in November of 2014, arranged a loan of $ 50,000 with Blackbirch Capital that enabled the Corporation to complete, and file its Financial Statements, up to date.

In May of 2015 the Corporation entered into a secondary loan agreement with BlackBirch Capital for the amount of Twenty-Five Thousand Dollars ("$25,000.00") CDN. The secondary loan is on essentially the same terms as the original loan. Please refer to the Corporation's Press Release dated May 20, 2015, filed on SEDAR, for further details. The Corporation has paid the loans owing to BlackBirch Capital in full.

On June 3rd, 2015 the Corporation announced that it had applied for, and received approval from the TSX Venture Exchange to consolidate its common shares on the basis of one new common share for every ten common shares outstanding or 10:1. The change in the number of issued and outstanding common shares that will result from the share consolidation will not materially affect any shareholder's ownership percentage in the Corporation, although such ownership would be represented by a smaller number of common shares. The Board has concluded that the consolidation is in the best interests of Corporation as it will improve the Corporation's ability to obtain financing. The Corporation had 82,570,350 common shares outstanding at that time, and following the share consolidation has 8,257,035 common shares outstanding. The consolidation took effect on Thursday June 4th, 2015. The Corporation retained its current trading symbol.

On June 4th, 2015 the Corporation announced that it has commenced a non-brokered private placement financing to raise a maximum of Five Hundred Thousand Dollars ("$500,000.00") CDN by the sale of five million ("5,000,000") units of the Corporation at a price of $0.10 per unit. Each unit is comprised of one common share of the Corporation and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation for $0.15 for a period of 12 months from the closing date. The private placement was to close on or before June 30th, 2015 but this date was extended to July 31, 2015 and the extended again to September 4, 2015. The common shares and warrants to be issued under the Private Placement are subject to a 4 month hold period. In connection with the offering, a finder's fee may be paid consisting of a cash commission equal to 8% of the gross proceeds raised under the offering and that number of non-transferable finder's fee warrants as is equal to 8% of the number of shares. Each finder's fee warrant will be exercisable into one common share of the Corporation at $0.15 per share for a period of 12 months from the closing date. Net proceeds of the financing will be used for strategic acquisitions, development and for working capital.

On July 2nd, 2015 the Corporation announced that pending final approval from the TSX Venture Exchange, the Corporation has agreed to issue an aggregate of Three Million, Three Hundred & Twenty-Eight Thousand, Six Hundred & Twenty Five ("3,328,625") Shares at a deemed price of $0.10 per Share to settle debts owed to arm's length and non-arm's length parties, as approved by shareholders at the AGM in December 2013. All Shares issued in connection with the shares for debt transaction are subject to TSX Venture Exchange approval and to a four-month statutory hold period.

On July 24th, 2015 the Corporation announced the closing of the first tranche of its non-brokered private placement which was announced on June 4th, 2015. One Million Five Hundred and Forty-Nine Thousand Six Hundred (“1,549,600”) units were sold for gross proceeds of One Hundred and Fifty-four Thousand Six Hundred Dollars (“$154,600.00”) CDN. No commission or finder's fee is payable with respect to this tranche of the placement. Each unit is comprised of one common share of the Corporation and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation for $0.15 for a period of 12 months from the closing date.

On December 4, 2015 The Corporation announced that it had received approval from the Canadian Securities Exchange ("CSE") to have its common shares listed onto the CSE. The Corporation's common shares commenced trading on the CSE effective December 7th, 2015 under the trading symbol "SSR."

The Corporation's common shares were delisted from the NEX Board of the TSX Venture Exchange at market close on December 4th, 2015. The transition between the transfer of the Corporation’s common shares from the NEX Board of the TSX Venture Exchange and the CSE will was completed in a seamless manner.

At year end (December 31, 2015) the Corporation had a negative working capital of $ 455,887 and at December 31, 2014 the Corporation had a negative working capital of $ 981,637.

Corporation officials have taken all possible cost-cutting steps in order to ensure the continued survival of the Corporation. Management continues to actively seek additional capital financing from other Investors.

There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Corporation may change and shareholders may suffer dilution. If adequate financing is not available, the Corporation may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Corporation to forfeit its interests in some or all of its properties and reduce or terminate its operations.

Overall Performance

The primary focus of the Corporation had been in the mining exploration sector.

With no funds available for significant exploration in Canada the Corporation had attempted to sell some of the other Canadian properties to generate funds to sustain the Corporation. No work plans are in place for the Canadian projects at this time.

As At Dec 31st, 2015, The Corporation is not in production and does not currently derive any revenue from its operations. Its ability to conduct exploration on its properties and develop properties that could prove to be economical is based on its ability to raise capital through equity financing. While the Common shares of the Corporation have commenced trading again the market is weak and Corporation's ability to raise capital by equity financing remains impaired.

The Corporation has commenced investing activities on a limited basis while regulatory matters relating to the change of business to Merchant Banking are worked through.

Review of Operations

Merchant Banking/Investing Activities

On December 15, 2015 the Corporation announced today that it had made an investment of One Hundred Thousand Dollars ($100,000.00) USD into Rock Vapor Technologies, LLC, a Private Corporation based in San Clemente California. The Corporation received 80,000 shares in Rock Vapor which plans to go IPO later in 2016.

On February 19, 2016 the Corporation announced that it had entered into a Loan Agreement for One Hundred and Fifty Thousand Dollars ("$150,000.00") CDN to Cardiff Energy Corp. (TSXV : CRS) ("Cardiff"). Cardiff will use the proceeds of the loan to acidize their Clayton #1H well located in the state of Texas. The loan is secured by a first ranking General Security Agreement on the assets of Cardiff including its US operations.

The loan bears an interest rate of 24% per annum and is repayable in twelve equal monthly instalments beginning 30 days from the date of funding. Furthermore, Cardiff has also granted the Corporation 250,000 stock options at a price of $0.05 and a 1.25% gross overriding royalty on the Clayton #1H well.

On April 26, 2016 the Corporation ") announced that it has been engaged by Advantagewon Inc. to assist Advantagewon Inc. with its go public strategy. Under the terms of the agreement, Advantagewon Inc. will pay the Corporation advisory fee of Six Thousand Dollars ("$6,000.00") CDN per month and upon successful completion of its go public transaction will pay the Corporation a success fee of One Hundred Thousand Dollars ("$100,000.00") CDN and issue Eight Thousand Dollars ("$80,000") worth of Advantagewon stock options at the go public price to the Corporation.

Mexican Mining Properties

The Corporation has taken a full impairment charge on its Mexican assets, and has ceased to operate in Mexico through that subsidiary, and as a result, the current year financial statements are not referred as consolidated financial statements.

All Mexican properties were previously held in Silver Shield SA de CV, incorporated in Mexico for the purpose of holding the projects.

Canadian Mining Properties

The final agreement for the Lost Dog project acquisition was announced in February 2010. The property consists of 36 un-patented mining claim units in south central Denton Township. The Lost Dog project is located thirty kilometres south-west of the Timmins city center, in the South Central Denton Township. The Lost Dog claims cover an area of 575 ha, located about 5 km south of the inferred location of the Porcupine-Destor Fault Zone (DPFZ), which is an important feature to most of the largest past producers in The Timmins Camp. Geophysical surveys have outlined a structure trending in the same direction as the DPFZ. The exploration program, including linecutting, magnetic and IP surveys was completed and now covers 100% of the ground position. The Corporation has been actively seeking a Joint Venture or other arrangement on the property in order to fund the required extensive drilling program that will be required to properly test for gold values. No interested parties have come forward. The property remains in good standing and will be valid for 3 more years at no cost to the Corporation.

In March 2011 the Corporation staked additional land in Ontario in the Elk Lake region to protect its holdings at the Welsh Mine. By the end of May 2011 the Corporation had completed a 10 hole, 1,283 metre diamond drilling program at the Welsh mine Property. Drilling is complete and the vein swarms intersected in the previous drilling were again intersected. While all of the holes intersected mineralized veins, only one returned significant assay values.

A significant part of the Welsh mine land holdings was lost during the last year as the Corporation was without funds and was not able to perform and report assessment work. No work has been carried out since 2011. The remainder of the property remains in good standing but will require expenditures this year to maintain. The value of the Welsh mine property was written down at year end to more accurately represent what management believes could be recovered from the remaining lands.

The Corporation does not currently derive any revenue from its operations, aside from interest revenue on short-term investments. Its ability to conduct exploration on its properties and develop properties that could prove to be economical is based on its ability to raise capital through equity financing. The Corporation ability to raise capital by equity financing in the near future will be affected by the price of silver and gold and general market sentiment.

Information on the Corporation’s properties has been reviewed by Stephen G. Mlot, P.Eng. a Qualified Person under NI 43-101, and a director of the Corporation.

Readers are encouraged to read the Corporation's public filings on SEDAR at www.sedar.com for more details on exploration results.

Financing Activities (Equity):
(since last financing activity)

On February 8, 2016 the Corporation announced that it has commenced a non-brokered private placement financing to raise a maximum of Three Million Dollars (“$3,000,000.00”) CDN by sale of Three Hundred Thousand (“300,000”) Series “A” Preferred Shares at a price of $10.00 CDN per share. The Series “A” preferred shares will pay up to an 8% annual dividend to the holders of the preferred shares. Furthermore, holders of the Preferred Shares will also see a 25% of after tax realized gains on any capital dispositions. No special voting rights will be granted to the holders of the Preferred Shares. In connection with the preferred share offering, a finder's fee may be paid consisting of a cash commission equal up to 8% of the gross proceeds raised under the offering. A quarterly dividend of $0.20 per outstanding “Series A” Preferred was declared, payable on, or after April 30th, 2016, to shareholders of record at the close of business on April 20th, 2016.

At the time of writing the Corporation had closed on $ 250,140 requiring the issue of 25,014 Series “A” Preferred Shares. Fund raising is ongoing under the Private Placement.

In conjunction to the Preferred Shares private placement offering, the Corporation is simultaneously conducting a non-brokered common share private placement financing to raise a maximum of One Million Dollars (“$1,000,000.00”) CDN via the sale of Ten Million (“10,000,000”) units of the Corporation at a price of $0.10 per unit. Each unit is comprised of one common share of the Corporation, and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation for $0.15 for a period of 36 months from the closing date. The common shares and warrants of this placement are subject to a four-month and one day statutory hold period.

At the time of writing the Corporation had closed on $ 194,044 requiring the issue of 1,940.440 common shares and 970,220 Warrants. Fund raising is ongoing under the Private Placement.

In connection with the common share offering, a finder's fee may be paid consisting of a cash commission equal up to 8% of the gross proceeds raised under the offering and that number of non-transferable finder's fee warrants as is equal up to 8% of the number of shares. Each finder's fee warrant will be exercisable into one common share of the Corporation at $0.15 per share for a period of 12 months from the closing date.

Both placements are expected to close on, or before, May 7, 2016 and both placements are subject to applicable regulatory approvals, including that of the Canadian Securities Exchange.
Net proceeds of the financings will be used for strategic acquisitions, business

On October 15, 2015 the Corporation closed the third and final tranche of its non-brokered private placement which was announced on September 22, 2015. A total of $ 340,500 was raised by issuing 3,405,300 Common shares and 1,702,700 share purchase Warrants. Each warrant entitles the holder to acquire one common share of the Corporation for $0.15 for a period of 12 months from the closing date. The common shares and warrants to be issued under the Private Placement are subject to a 4 month hold period.

On July 4, 2015 a first tranche was closed on One Million Five Hundred and Forty-Nine Thousand Six Hundred (“1,549,600”) units were sold for gross proceeds of One Hundred and Fifty-four Thousand Six Hundred Dollars (“$154,600.00”) CDN. No commission or finder's fee is payable with respect to this tranche of the placement. Each unit is comprised of one common share of the Corporation and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation for $0.15 for a period of 12 months from the closing date. A total of 1,549,600 common shares and 774,800 warrants are reserves for issue at the final closing now expected on September 4, 2015.

Dec 30/2013 – June 2015
No Financings

Jan 1/2013 – Dec 31/2013
No financings

Jan 1/2012 – Dec 31/2012
No financings

April 1/2011 – Dec 31/2011
No financings

Jan 1/2011 - March 31, 2011
$0.06: 4,166,666 common shares flow- through with warrant @$0.15 due January 13, 2013
$0.05: 10,800,000 common shares with warrant @ $0.15 due February 28, 2013

Results of Operations

As an exploration stage Corporation, the Corporation does not have operating revenue from mining operations. In the Year ended December 31, 2015 the Corporation did not earn any income (2014 - Nil).

Operating Expenses

Operating expenses for the Year ended December, 2015 were $ 307,923 compared with $69,702 for the previous year ended December 31, 2014. The major expenses incurred were Consulting and Management fees of $ 112,163 Legal and Audit fees of $ 41,556, Transfer Agent, Filing and Listing fees of $ 49,552, and Loan Interest of $16,495. Royalty payments due were also accrued on the second quarter income statement in the amount of $30,000.

The Corporation has not paid a cash dividend to its Common shareholders and does not anticipate paying cash dividends to its Common shareholders in the near future.

Selected Yearly Financial Data ($)

Liquidity and Capital Resources

The mineral properties of the Corporation are in the exploration and development stage and, as a result, the Corporation has no source of operating cash flow from these properties. The exploration and development of the Corporation's properties depends on the ability of the Corporation to obtain financing. If the Corporation's exploration programs are successful, additional funds will be required to develop the Corporation's properties and, if successful, to place them into commercial production. The only sources of future funds presently available to the Corporation are the exercise of warrants or stock options, the sale of equity capital of the Corporation, or the sale by the Corporation of an interest in any of its properties in whole or in part.

Financial Results	Year	3rd Qtr	2nd Qtr	1st Qtr	Year	3rd Qtr	2nd Qtr	1st Qtr	Year
	Dec-31	Sep-30	Mar-31	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31
	2015	2015	2015	2015	2014	2014	2014	2014	2013
Net Income (Loss)	-$ 1,525,729	-$ 2,689	$ 28,274	-$ 44,207	$ 71,178	$ 14,515	-$ 38,421	-$ 22,702	-$ 131,826
Basic and Diluted	-$ 0.15	-$ 0.003	-$ 0.001	-$ 0.001	-$ 0.001	-$ 0.001	-$ 0.001	-$ 0.001	-$ 0.020
Loss per share									
Cash/ Equivalents	$ 171,961	$ 383,558	$ 36,877	nil	nil	nil	nil	nil	nil
Mineral Properties	$ 954,175	$ 2,204,175	$ 2,204,500	$ 2,204,500	$ 2,204,500	$ 2,204,500	$ 2,204,500	$ 2,204,500	$ 2,204,500
Total Assets	$ 1,307,220	$ 2,603,641	$ 2,254,755	$ 2,212,545	$ 2,210,975	$ 2,211,276	$ 2,211,603	$ 2,213,637	$ 2,213,627
Shareholder’s Equity	$ 640,754	$ 1,679,208	$ 1,155,710	$ 1,177,271	$ 1,228,748	$ 1,246,720	$ 1,261,235	$ 1,276,954	$ 1,299,656

The ability of the Corporation to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Corporation. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Corporation may change and shareholders may suffer dilution. If adequate financing is not available, the Corporation may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Corporation to forfeit its interests in some or all of its properties and reduce or terminate its operations.

As at December 31, 2015 the Corporation had total current assets of $ 210,579 to meet its current liabilities of $ 666,466.

Contractual Obligations and Commitments

Welsh Silver Mines Option Agreement

Pursuant to the Welsh Option Agreement, SSR optioned the Welsh Property from WSM and Robert Welsh (collectively the Option or) such that SSR can earn 100% title and interest in the Welsh Property subject to a 2% net returns royalty. Advance Royalties of $ 30,000 per year commence in 2009. The effective date of the agreement was July 17, 2006. The final payment was made April 25, 2008.

Lost Dog Property Agreement

On October 29, 2009 the Corporation entered into an agreement for the option to acquire 36 un-patented mining claims in Denton Township, west of Timmins, Ontario, which form the Lost Dog Property. The Corporation has fulfilled the terms of the option agreement as of March 31, 2012.The Corporation paid a total of Fifty Thousand ($50,000) and Seven Hundred Fifty thousand (750,000) common shares, to acquire a 100-per-cent interest in the property. The Vendors retain a royalty of 2 % of NSR that Silver Shield has the right to purchase 1% of at any time, for $ 1,000,000.

Blackbirch Capital Loan Agreements

Silver Shield Resources had entered into a loan agreement with BlackBirch Capital of Toronto for the amount of Fifty Thousand Dollars ("$50,000.00") CDN. Use of the loan proceeds will be used exclusively to complete and file the 2013 Audited Financial Statements, the Q1 - Q3 2014 interim financial statements, and for any other costs the Corporation would need to incur that were necessary in order for the Cease Trade Orders to be removed, and for any other costs associated in being reinstated back onto the TSX Venture Exchange.

The loan bears an interest rate of 24% per annum and the Corporation, will issue BlackBirch Capital Fifty Thousand (50,000) common share purchase warrants, once the current trading suspension is lifted and pending approval by the TSX Venture Exchange.

Repayment of the loan is due within six months from the commencement date however the lender has the option to extend the repayment date from six months to one year. Each share purchase warrant shall allow the holder to acquire one common share of the Corporation at a price of $0.10 per share. The warrants shall expire 24 months from the date of issuance.

As a pre-condition to the Loan, BlackBirch Capital required that certain major creditors of Silver Shield (listed in Silver Shield Resources Corp. AGM-2013 Management Information Circular) agree for BlackBirch Capital to purchase the debt of the named creditors.

In May 2015 the Corporation entered into a secondary loan agreement with BlackBirch Capital for the amount of Twenty-Five Thousand Dollars (“$25,000.00”) CDN. The secondary loan bears an interest rate of 24% per annum and pending approval by the TSX Venture Exchange the Corporation will issue BlackBirch Capital Twenty-Five Thousand (“25,000”) common share purchase warrants. Each share purchase warrant shall allow the holder to acquire one common share of the Corporation at a price of $0.10 per share. The warrants shall expire 12 months from the date of issuance. Repayment of the secondary loan is due within six months from the commencement date however the lender has the option to extend the repayment date from six months to one year.

Transactions with Related Parties

During the year ended Dec 31, 2015, the Corporation had no dealings with any individual considered to be a related party.

Disclosure Controls and Procedures

Management, with the participation of the directors, has evaluated the effectiveness, as of August 28, 2015, of the Corporation's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information relating to the Corporation and its subsidiary is known to them and to others within the Corporation.

Critical Accounting Estimates

The preparation of financial statements requires the Corporation to estimate the effect of various matters that are inherently uncertain as at the date of the financial statements. Each of these required estimates varies with respect to the level of judgment involved and the potential impact on the Corporation's reported financial results. Estimates are deemed critical when the Corporation's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. The Corporation's significant accounting policies are discussed in note 1 of the Notes to the Financial Statements. Critical estimates inherent in these accounting policies are discussed in the following paragraphs.

Income taxes

The Corporation operates in Canada. The breadth of the Corporation's operations and the complexity of the taxing legislation and practices require the Corporation to apply judgment in estimating its ultimate tax liability. The final taxes paid will depend on many factors, including the Corporation's interpretation of the legislation and the outcomes of audits by and negotiations with tax authorities. Ultimately, the final taxes may be adjusted based on the resolution of these uncertainties.

The Corporation follows the liability method of accounting for income taxes. Under this method, future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on future tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs.

Nature of Operations

The Corporation is an exploration Corporation. Its mineral properties are currently being explored and the Corporation has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves (as established in accordance with NI 43-101), the ability of the Corporation to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

The Corporation tries to maximize its exposure to promising exploration opportunities, to manage the risks inherent in exploration and to make appropriate use of financial management resources. The Corporation intends to hire several employees that worked the properties in the past, hence, are familiar with the legacy workings and historic infrastructure; further, they are familiar with the historic mine data and government reports that identify some of the positive attributes of the properties. The Corporation attempts to hire employees that have worked the properties in the past, hence, are familiar with the legacy workings and historic infrastructure; further, they are familiar with the historic mine data and government reports that identify some of the positive attributes of the properties. This experience and knowledge base would mitigate the risk associated with otherwise unknown properties.

Additional Funding Requirements

All of the mineral properties of the Corporation are in the exploration stage and, as a result, the Corporation has no source of operating cash flow. The Corporation needs to raise such additional funds as necessary to complete its projects. The Corporation does currently have the financial resources necessary to undertake all of its currently planned Canadian activities. At the present time the Corporation does not have the resources to maintain its planned Mexican exploration and operations for the year 2015. However there can be no assurance that the Corporation will be successful in obtaining any additional required funding necessary to conduct additional exploration, if warranted, on the Corporation's exploration properties or to develop mineral resources on such properties, if commercially mineable quantities of such resources are located thereon.

Incentive Stock Option Plan

The Corporation has established a stock option plan to provide incentive compensation to the Corporation's directors, officers, employees and consultants (the "Stock Option Plan").

The Stock Option Plan is administered by the board of directors of the Corporation. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Corporation, taking into consideration his or her contribution to the success of the Corporation and any other factor which the board of directors of the Corporation may deem proper and relevant. The aggregate number of Common Shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Corporation will not exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non diluted basis) from time to time.

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding five years, subject to earlier cancellation upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, or a merger or other relevant changes in the Corporation’s capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of stock options granted thereunder.

Mineral Properties and Deferred Exploration Costs

The Corporation defers the costs of exploration on existing projects and carries them as assets until production commences. The amounts at which mineral properties and deferred exploration expenditures are recorded do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration costs will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and related exploration expenditures are written off.

Dividends

The Corporation has not paid any dividends on its Common Shares since incorporation and does not anticipate paying any dividends on its Common Shares in the foreseeable future. The Corporation has a limited operating history and there can be no assurance of its ability to operate its projects profitably.

Legal Proceedings

In February 2013 a judgement was recorded against the Corporation on a statement of claim by Elk Lake Enterprises for services in the amount of $ 16,598.40, interest and costs have been added and the amount of $ 22,276.57 is being carried in accounts payable. Management is aware of the judgement, and does not dispute it. Management intends to settle the claim when funds are available.

No other legal proceedings against the Corporation are known of.

Forward-Looking Statements

This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, and its projects, the exploration expenditures, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, limitations of insurance coverage and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future price of gold and silver; possible variations of ore grade or recovery rates; failure of the plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Corporation undertakes no obligation to update forward-looking statements if circumstances, management's estimates or opinions should change, except as required by securities legislation. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

Financial Instruments

The balance sheet carrying amounts for cash, GST recoverable, subscription receivable, prepaid expenses, deferred financing fees, accounts payable and accruals approximate fair value due to their short-term nature.

Shares for Debt

The Corporation has agreed and has issued in May 20, 2013 an amount of 2,123,210 common shares to extinguish $ 106,157 of Corporation debt to arms-length creditors. Further shares for debt settlement to arms-length and non-arms-length creditors was approved at the Dec 2013 AGM but has yet to be completed due to the Cease Trade Orders.

Share Data

As at December 31, 2015 the Corporation had 17,304,354 common shares outstanding, as well as:

(a) Stock Options issued under the Corporation's Stock Option Plan: nil
(b) A total of 2,859,647 Warrants outstanding

In 2015, the Corporation completed a shares-for-debt transaction by issuing 3,323,625 common shares at an issue price of $0.10 per share. This transaction settled $332,862.50 worth of debt to named creditors as outline at the Corporation's Dec 27th, 2013 AGM.

As of December 31, 2015 the Corporation has 17,304,354 common shares issued and outstanding and would have 19,849,001 common shares on a fully diluted basis.

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.