



GUNPOWDER CAPITAL CORP.

(Formally Silver Shield Resources Corp.)

INTERIM CONDENSED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 and 2015
(Unaudited - Prepared by Management)

May 26th, 2016

**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED
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 CONDENSED 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 CONDENSED 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.

GUNPOWDER CAPITAL CORP.
(Formerly Silver Shield Resources Corp.)
INTERIM CONDENSED BALANCE SHEETS
(Expressed in Canadian Dollars)
(Unaudited-Prepared by Management)

	MARCH 31, 2016		<i>DECEMBER 31,</i> 2015	
ASSETS				
CURRENT				
Cash	\$	107,509	\$	171,961
Accounts receivable (Note 3)		72,973		21,618
Notes receivable (Note 4)		144,375		-
Prepaid expenses and deposits		17,000		17,000
TOTAL CURRENT ASSETS		339,695		210,579
MINERAL PROPERTIES (Note 5)				
Mineral claims		125,500		125,500
Deferred exploration costs		828,675		828,675
PLANT AND EQUIPMENT (Note 7)		4,240		4,466
LONG TERM INVESTMENTS (Note 6)		129,870		138,000
TOTAL ASSETS	\$	1,427,979	\$	1,307,220
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$	253,918	\$	245,649
Royalties payable (Note 5)		276,026		276,026
Due to related parties (Note 9)		136,992		144,791
Loan payable (Note 10)		138,875		-
TOTAL CURRENT LIABILITIES		805,811		666,466
SHAREHOLDERS' EQUITY (Note 8)				
Preferred stock		104,240		-
Common stock		6,006,388		5,992,533
Contributed surplus		1,203,760		1,203,760
Warrants		202,984		190,939
Deficit		(6,895,204)		(6,746,478)
TOTAL SHAREHOLDERS' EQUITY		622,168		640,754
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	1,427,979	\$	1,307,220

Description of business (Note 1)
 Going Concern (Note 2(c))

APPROVED ON BEHALF OF THE BOARD:

Signed "Frank Kordy"
 DIRECTOR

Signed "Stephen Mlot"
 DIRECTOR

The accompanying notes are integral part to these interim condensed financial statements.

GUNPOWDER CAPITAL CORP.*(Formerly Silver Shield Resources Corp.)***INTERIM CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS***(Expressed in Canadian Dollars)**(Unaudited-Prepared by Management)*

<i>FOR THE THREE MONTHS ENDED MARCH 31,</i>	<i>2016</i>	<i>2015</i>
INCOME		
Interest income	\$ 12,194	\$ -
EXPENSES		
Consulting and management fees	60,505	-
Legal and audit fees	8,045	-
Marketing and investor relations	38,658	-
Transfer agent and filing fees	35,081	18,912
General, office and administrative	12,223	4,969
Loan interest	-	6,518
Royalty expenses	-	13,500
Bank service charges	159	21
NET LOSS BEFORE OTHER ITEMS	(142,477)	(43,920)
Amortization	(226)	(287)
Foreign exchange gain	(6,023)	-
	(6,249)	(287)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (148,726)	(44,207)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding – basic and diluted (Note 8)	17,428,350	8,257,035

The accompanying notes are integral part to these interim condensed financial statements.

GUNPOWDER CAPITAL CORP.*(Formerly Silver Shield Resources Corp.)***INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY***(Expressed in Canadian Dollars)**(Unaudited-Prepared by Management)*

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2015	17,304,954	\$5,992,533	\$1,203,760	\$190,939	\$(6,746,478)	\$640,754
Net loss for the period	-	-	-	-	(148,726)	(148,726)
Preferred stock issued in Private placement	10,424	104,240	-	-	-	104,240
Common stock issued in Private placement	409,000	40,900	-	-	-	40,900
Costs of issue	-	(15,000)	-	-	-	(15,000)
Issuance of warrants	-	(12,045)	-	12,045	-	-
Balance, March 31, 2016	17,724,378	\$6,110,628	\$1,203,760	\$202,984	\$(6,895,204)	\$622,168

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2014	82,570,349	\$5,245,466	\$1,203,760	\$ -	\$(5,220,749)	\$1,228,477
Net loss for the period	-	-	-	-	(1,525,729)	(1,525,729)
Rollback of common shares	(74,313,314)	-	-	-	-	-
Common stock issued to extinguish debt	3,328,625	332,862	-	-	-	332,862
Common stock issued in Private placement	5,719,294	610,144	-	-	-	610,144
Costs of issue	-	(5,000)	-	-	-	(5,000)
Issuance of warrants	-	(190,939)	-	190,939	-	-
Balance, December 31, 2015	17,304,954	\$5,992,533	\$1,203,760	\$190,939	\$(6,746,478)	\$640,754

The accompanying notes are integral part to these interim condensed financial statements.

GUNPOWDER CAPITAL CORP.
(Formerly Silver Shield Resources Corp.)
INTERIM CONDENSED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited-Prepared by Management)

<i>FOR THE THREE MONTHS ENDED MARCH 31,</i>	2016	2015
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Loss for the period	\$ (148,726)	\$ (44,207)
Items not involving cash:		
Gain on settlement of debt	-	-
Amortization		287
Changes in working capital items other than cash:		
Trade and other receivable	343	-
Prepaid expenses and deposits	4,465	(1,857)
Short term notes receivable	(144,375)	-
Accounts payable and accrued liabilities	8,269	(3,676)
Royalties payable	-	13,500
Due to / from related parties	(7,799)	-
Unrealised foreign exchange gain on long-term investment	8,130	-
	(279,467)	(25,042)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from issuing of preferred stock	50,240	-
Proceeds from issuing of capital stock and warrants, net of issuance costs	25,900	-
Loan payable	138,875	35,932
	215,015	35,932
CASH FLOWS USED IN INVESTING ACTIVITIES		
Long-term investment	-	-
	-	-
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents (Deficiency), beginning of period	171,961	(21)
	(64,453)	(61)
Cash and cash equivalents (Deficiency), end of period	\$ 107,509	\$ (82)

The accompanying notes are integral part to these interim condensed financial statements.

GUNPOWDER CAPITAL CORP.

(Formerly Silver Shield Resources Corp.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

1. DESCRIPTION OF BUSINESS

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 was a reporting issuer in Ontario, Alberta and British Columbia and trades on the Canadian Securities Exchange under the symbol "SSR".

On January 29th, 2016, Silver Shield Resources Corp. announced the voting results from its special meeting of the shareholders held January 28th, 2016. Shareholders voted in favour of instituting a new share structure, a name change and change of business as well as re-approval of the Corporation's existing options plan.

On May 16, 2016, the Corporation was granted a full approval from CSE to implement the Corporation's name change and change of business.

Effective May 18th, 2016, at market open, the name of the Corporation will change to "Gunpowder Capital Corp.," from the current name "Silver Shield Resources Corp." The common shares of the Corporation now trade under the new name, and under a new corresponding trading symbol, "GPC". The Corporation's new website address is www.gunpowdercapitalcorp.com. Furthermore, the CSE has approved the Corporation's change of business from "Mining & Exploration" to "Merchant Banking".

The Corporation's corporate office and principal place of business is 47 Colborne Toronto Street, Suite 307, Toronto, Ontario, Canada, M5E 1P8.

2. BASIS OF PRESENTATION

(a) Statement of Compliance to International Financial Reporting Standards

The financial statements of the Company for the quarter ended March 31, 2016 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 2015 annual financial statements. The financial statements were authorized for issue by the Board of Directors on April 25, 2016.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as explained in the annual financial statements. The preparation of 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 financial statements remain unchanged from those disclosed in our year end the financial statements.

GUNPOWDER CAPITAL CORP.

(Formerly Silver Shield Resources Corp.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

(c) Going Concern of Operations

The Company historically has not generated revenue from operations. The Company incurred a net loss of \$148,726 during the quarter ended March 31, 2016 (\$1,525,729 during the year ended December 31, 2015) and, as of that date the Company's deficit was \$ 6,895,204 (\$6,746,478 – December 31, 2015). The Company is transferring to a merchant banking model and will be dependent on obtaining new customers and making profitable investments to generate profit. The Company may 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.

(d) Share Consolidation

On June 3, 2015, the Company filed articles of amendment to complete an approved consolidation of the Company's issued and outstanding common shares, warrants and options on a basis of 10 pre-consolidation shares, warrants and options of each post consolidation share, warrant or option. Earnings per share and all amounts in respect of share capital have been adjusted to reflect this share consolidation.

3. ACCOUNTS RECEIVABLE

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

4. NOTES RECEIVABLE

On February 19, 2016, the Company loaned \$150,000 CDN to Cardiff Energy Corp. Cardiff will use the proceeds 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

5. 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 quantities of ore.

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.

GUNPOWDER CAPITAL CORP.

(Formerly Silver Shield Resources Corp.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

5. MINERAL PROPERTIES (continued)

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

Mineral Claims as at December 31,	2015	2014
Welsh Silver Mine	\$ 38,000	\$ 152,000
Lost Dog Property	87,500	87,500
	\$ 125,500	\$ 239,500

Deferred Exploration Costs as at December 31,	2015	2014
Welsh Silver Mine	\$ 389,154	\$ 1,525,479
Lost Dog Property	439,521	439,521
	\$ 828,675	\$ 1,965,000

(a) Welsh Silver Mine, Ontario

The Welsh Silver Mine Property, consisted 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.

During 2015, the Company allowed 8 mining claims in Mickle Township to lapse, but value still remained on the mining lease. Management has taken an impairment charge of \$114,000 of the acquisition costs and a charge of \$1,136,000 against the deferred exploration costs in 2015.

(b) 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 is now owned 100%.

6. LONG-TERM INVESTMENT

On July 26, 2015 the Corporation entered an agreement with Rock Vapor Technologies Inc. ("RVT") to purchase Eighty Thousand ("80,000") shares of "RVT" at a cost of \$1.25 USD per share for a total purchase price of One Hundred Thousand ("100,000.00") USD. These shares were sold in pursuant to the terms of Regulation S of the Securities Act of 1933, as amended. The shares will be restricted indefinitely until Rock Vapor Technologies Inc. takes the necessary steps to become a publicly traded entity, at which time the restrictions may only be lifted pursuant to an effective

registration statement or exemption statement or an exemption to the registration requirements. While restricted, the shares may not be traded in the United States or in Canada.

GUNPOWDER CAPITAL CORP.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

7. PLANT AND EQUIPMENT

		Cost		Accumulated Amortization		Net Book Value
Equipment	\$	18,035	\$	13,825	\$	4,211
Computer equipment		6,225		6,196		29
Balance, March 31, 2016	\$	24,260	\$	19,794	\$	4,240

		Cost		Accumulated Amortization		Net Book Value
Equipment	\$	18,035	\$	13,603	\$	4,432
Computer equipment		6,225		6,191		34
Balance, December 31, 2015	\$	24,260	\$	19,794	\$	4,466

8. SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized - Unlimited number of common shares.

The Company's share capital outstanding as at and for the quarter ended March 31, 2016 are as follows:

Preferred stock:	Number of Shares	Amount
Preferred stock issued in Private placement		
Balance, March 31, 2016	10,424	\$104,240
Common stock:	Number of Shares	Amount
Balance, December 31, 2015	17,304,954	\$5,922,533
Common stock issued in Private placement	409,000	40,900
Amount allocated to warrants	-	(12,045)
Share issue costs	-	(15,000)
Balance, March 31, 2016	17,713,954	\$5,936,388

On February 8th, 2016, the Company initiated a non-brokered private placement financing to raise a maximum \$3,000,000.00 by sale of 300,000 Series "A" Preferred Shares at a price of \$10.00 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 conjunction to the Preferred Shares private placement offering, the Company is conducting a non-brokered common share private placement financing to raise a maximum of \$1,000,000.00 common share units 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 Company's private placement that was announced on Dec 7th, 2015, closed on December 31st, 2015 and both private placements were commenced new offerings.

GUNPOWDER CAPITAL CORP.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

8. SHAREHOLDERS' EQUITY (continued)

On February 29, 2016 the Corporation closed the first tranche of the non-brokered Private Placement offerings which were announced on February 8, 2016. In total, Eighty-One Thousand One Hundred and Forty Dollars (“\$81,140”) CDN was raised via the sale of Three Hundred and Fifty-Nine Thousand (“359,000”) units at \$0.10 per unit, and via the sale of Four Thousand, Five Hundred and Twenty-Fours (“4,524”) “Series A” Preferred Shares at \$10.00 CDN per share. No commissions or finder’s fee is payable with respect to the closing of this first tranche of the placements. 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.

On March 29, 2016 the Corporation closed the second tranche of the concurrent non-brokered Private Placement offerings which were announced on February 8, 2016. In total, Sixty-Four Thousand Dollars (“\$64,000.00”) CDN was raised via the sale of Fifty Thousand (“50,000”) units at \$0.10 per unit, and via the sale of Five Thousand, Nine Hundred (“5,900”) “Series A” Preferred Shares at \$10.00 CDN per share. No commissions or finder’s fee is payable with respect to the closing of this first tranche of the placements. 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 Corporation extended the closing of its concurrent offerings to May 15, 2016.

WARRANTS

The number of share purchase warrants represents the number of shares that may be acquired on the exercise of the outstanding warrants.

As at March 31, 2016 the following purchase warrants were outstanding:

	Number of Warrant Shares		Fair Value Warrants		Weighted Average Exercise Price
Balance, December 31, 2014	NIL	\$	NIL	\$	NIL
Issued during 2015	2,859,647		190,939		0.163
Balance, December 31, 2015	2,859,647	\$	190,939	\$	0.163
Issued during the period	204,500		12,045		0.15
Balance, March 31, 2016	3,064,147	\$	202,984	\$	0.162

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 issued all warrants an exercise price equal to or greater than the market value of the underlying common shares on the date of issue.

- a) 2,477,500 warrants have an exercise price of \$0.15 and were assigned an aggregate fair value of \$138,687 using the Black Scholes pricing model with the following assumptions: 181% expected volatility; a risk-free interest rate of .98%; a dividend yield of Nil%: and 12 months expected term.
- b) 382,147 warrants have an exercise price of \$0.25 and were assigned an aggregate fair value of \$52,252 using the Black Scholes pricing model with the following assumptions: 181% expected volatility; a risk-free interest rate of .98%; a dividend yield of Nil%: and 48 months expected term.

GUNPOWDER CAPITAL CORP.*(Formerly Silver Shield Resources Corp.)***NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015***(Expressed in Canadian Dollars)**(Unaudited)***8. SHAREHOLDERS' EQUITY (continued)**

- c) 204,500 warrants have an exercise price of \$0.15 and were assigned an aggregate fair value of \$12,045 using the Black Scholes pricing model with the following assumptions: 181% expected volatility; a risk-free interest rate of .98%; a dividend yield of Nil%; and 36 months expected term.

This pricing model 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 warrants.

As at March 31, 2016, the following purchase warrants were outstanding:

Number of Warrant Shares	Fair Value Warrants	Weighted Average Exercise Price	Expiry Date
774,800	\$ 43,372	\$ 0.038	July 24, 2016.
983,000	55,027	0.048	September 22, 2016.
367,000	20,544	0.018	September 24, 2016.
352,700	19,744	0.017	October 15, 2016.
382,147	52,252	0.031	December 21, 2019.
179,500	10,573	0.009	February 28, 2019.
25,000	1,473	0.001	March 28, 2019.
2,859,647	\$ 190,939	\$ 0.162	

STOCK OPTIONS

As at March 31, 2016, the Company's outstanding stock options are as follows:

	Number of Options Outstanding	Weighted Average Exercise Price	Fair Value Options
Balance, December 31, 2014	5,000,000	\$ 0.10	\$ 162,400
Expired	(5,000,000)	(0.10)	(162,400)
Balance, March 31, 2016 and December 31, 2015	-	\$ -	\$ -

All outstanding options expired at expiration date August 23, 2015. There are no stock options issued and outstanding as at March 31, 2016.

BASIC AND DILUTED LOSS PER SHARE

Dilutive stock warrants have been determined using the Company's average share price for quarter ended March 31, 2016. All warrants are excluded from the dilutive calculation as they would have been anti-dilutive due to the loss for the period.

GUNPOWDER CAPITAL CORP.

(Formerly Silver Shield Resources Corp.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

9. RELATED PARTY TRANSACTIONS

Key personnel is defined as those who have authority and responsibility for planning, directing, controlling the activities of the Company, directly or indirectly. That includes all directors of the Company.

Transactions with related parties in the normal course of business measured and recorded at the exchange amount, as agreed between the parties.

- i. During the quarter ended March 31, 2016, companies related to or controlled by officers and directors of the Company were paid \$45,000 for consulting and management fees.
- ii. As at March 31st, 2016, the Company accrued \$6,194 in fees and expenses which are due and payable to directors or officers. Subsequently, \$820 was reimbursed by the Company. In addition, \$1,303 due from the former CEO with respect to the reorganization process included in prepaid expenses and deposits and will be expensed given expense receipts are provided.

A summary of directors and senior management remuneration of the Company for the quarter ended March 31, 2016, is as follows:

Remuneration of senior management	\$30,000
Remuneration of directors	15,000
Total	\$45,000

10. LOAN PAYABLE

On February 18, 2016, the Company entered into a loan agreement for \$151,500. The loan bears interest at 15% per annum.

11. SEGMENTED INFORMATION

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

March 31, 2016	Canada	United States	Mexico	Total
Mineral interest	\$ 954,175	\$ -	\$ -	\$ 954,175
Total assets	\$ 1,298,109	\$ 129,870	\$ -	\$ 1,427,979
Loss for the period	\$ (147,644)	\$ -	\$ (1,082)	\$ (148,726)

December 31, 2015	Canada	United States	Mexico	Total
Mineral interest	\$ 954,175	\$ -	\$ -	\$ 954,175
Total assets	\$ 1,169,220	\$ 138,000	\$ -	\$ 1,307,220
Loss for the year	\$ (1,515,220)	\$ -	\$ (10,509)	\$ (1,525,729)

GUNPOWDER CAPITAL CORP.

(Formerly Silver Shield Resources Corp.)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED MARCH 31, 2016 AND 2015**

(Expressed in Canadian Dollars)

(Unaudited)

12. 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 2016.

13. 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 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 long term investment is denominated in United States dollars. 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, 2016 the Company's current liabilities totaled \$805,811, and cash and equivalents totaled \$107,509. 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.

GUNPOWDER CAPITAL CORP.

(Formerly Silver Shield Resources Corp.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

14. SUBSEQUENT EVENTS

On April 12th, 2016 the Corporation announced that the Board of Directors have declared a quarterly dividend of \$0.20 per outstanding "Series A" Preferred Share of its capital payable on, or after April 20th 2016.

On April 19th, 2016 the Corporation announced that it had closed the third tranche of the concurrent non-brokered Private Placement offerings which were announced on February 8, 2016. In total, One Hundred and Eighty-Four Thousand Dollars ("184,000.00") CDN was raised via the sale of Three Hundred and Eighty-Five Thousand ("385,000") units at \$0.10 per unit, and via the sale of Fourteen Thousand Five Hundred and Ninety ("14,590") "Series A" Preferred Shares at \$10.00 CDN per share. 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.

On Apr 26th, 2016, the Corporation announced that it was engaged by Advantagewon Inc. ("AI") to assist AI with its go public strategy. AI is an Ontario focused automotive repair finance company that funds consumer automotive repair loans. AI's loan portfolio has grown at over 600% per annum and is now approximately \$2.7 million. AI anticipates originating \$6 million in new loans within the next 12 months and believes that its addressable market share in Ontario is \$168 million. AI anticipates accessing the capital markets to help grow its loan portfolio and expand across Canada. Under the terms of the agreement, AI will pay SSR a monthly advisory fee of \$6,000 and upon successful completion of its go public transaction will pay SSR a success fee of \$100,000 and issue \$80,000 worth of AI stock options at the go public price to the Corporation.

On Apr 29th, 2016, the Corporation announced that it had closed the Fourth Tranches of its concurrent non-brokered Private Placement offerings. In total, Six Hundred and Four Thousand Dollars ("604,000.00") CDN was raised via the sale of Three Million One Hundred and Fifty Thousand ("3,150,000") units at \$0.10 per unit, and via the sale of Twenty-Eight Thousand and Nine Hundred ("28,900") Series "A" Preferred Shares at \$10.00 per share. No commission or finder's fee is payable with respect to the closing of this tranche of the placements. 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 Corporation, subject to regulatory approval, had granted stock options to acquire an aggregate of 1,550,000 common shares to directors, officers, consultants and contractors of Gunpowder Capital Corp., under its Employee Stock Option Plan. Each option is exercisable for a ten year period to acquire one common share at a price of \$0.12 per share. The options granted are not subject to any vesting restrictions.

On May 16th, 2016, the Corporation announced that it had closed the Fifth and Final Tranche of its concurrent non-brokered Private Placement offerings. In total Two Hundred and Forty-One Thousand, Five Hundred & Eighteen Dollars ("241,518.00") CDN was raised via the sale of Two Million Two Hundred and Eight-Six Thousand, Nine Hundred and Eighty ("2,286,980") units at \$0.10 per unit, and via the sale of One Thousand Two Hundred and Eighty-Two ("1,282") Series "A" Preferred Shares at \$10.00 per share. No commission or finder's fee is payable with respect to the closing of this tranche of the placements. 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. Combined and in total, the Corporation raised One Million, One Hundred and Seventy-Five Thousand, Five Hundred and Fifty-Eight Dollars ("1,175,558.00") CDN between the two offerings. The Corporation had also agreed to issue an aggregate of Eight Hundred & Sixty-Six Thousand, One Hundred & Seventy-Five ("866,175") Shares at a deemed prices of \$0.10 & \$0.20 per Share to settle debts owed to arm's length and non-arm's length parties. All Shares issued in connection with the shares for debt transaction are subject to a four-month statutory hold period, in accordance with applicable securities legislation.

On May 19th, 2016 the Corporation announced that it had loaned Advantagewon Inc., \$75,000.00 CDN and that the loan bears a lenders fee of 3% and an interest rate of 15% per annum. The loan is repayable in twelve equal monthly instalments beginning June, 2016.