

This confidential offering memorandum ("Offering Memorandum") constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. This offering is not made to, nor will subscriptions be accepted from any non-resident of Canada or any resident in the United States of America. No prospectus has been filed with any securities regulatory authority in connection with the securities offered hereunder. This Offering Memorandum is not to be construed as a prospectus or advertisement or a public offering of these securities.

CONFIDENTIAL OFFERING MEMORANDUM

Date: July 4, 2016

The Corporation:

Name: Gunpowder Capital Corp. (the "Corporation" or "Gunpowder")

Head Office Address: 47 Colborne Street, Suite 307, Toronto, Ontario, M5E 1P8

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Currently Listed or Quoted: **The Notes do not trade on any exchange or market.** The Class A Preferred Shares issuable upon conversion of the Notes issuable pursuant to this offering (the "Offering") are not listed on any exchange and are non-voting.

Reporting Issuer: The Corporation is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia.

SEDAR filer? Yes

The Offering:

Securities Offered: 8% convertible notes (each a "Note" and collectively the "Notes"). Principal may be converted at any time in whole or in part at the purchaser's option into non-voting Class A Preferred Shares of the Corporation (each a "Preferred Share" and collectively the "Preferred Shares") at a deemed conversion price of \$10.00 per Preferred Share (the "Conversion Price"). The Notes will be unsecured obligations of the Corporation. The Notes will rank equally with all other existing and future unsecured obligations of the Corporation. The Notes will be effectively subordinated to any existing and future secured obligations of the Corporation, to the extent of the value of the collateral securing such obligations. The Notes are subject to pre-payment under certain circumstances. See ITEM 5.

Price per Security: \$500 per Note.

Minimum/Maximum Offering: Up to \$10,000,000 of Notes. **There is no minimum offering. You may be the only purchaser. Funds available under this offering may not be sufficient to accomplish our proposed objectives.**

Minimum Subscription Amount: The minimum purchase per subscriber is \$2,500 per Note.

Payment Terms: Payment in full by certified cheque, bank draft or wire transfer payable to, "Gunpowder Capital Corporation", is to be made upon delivery of a duly executed and completed Subscription Agreement. See ITEM 5.2.

Proposed Closing Dates: The initial closing under this Offering Memorandum is expected to occur on or about July 29, 2016, and further closings will occur from time to time at the discretion of the Corporation.

Income Tax consequences: There are important tax consequences to these securities. See ITEM 6.

Selling Agents: The Corporation reserves the right, as allowed by applicable securities legislation, to retain agents and registered dealers (collectively, the "Agents") from time to time to complete sales of the Notes. The Agents will be paid commissions on each closing of the Offering. See ITEM 7.

Resale Restrictions

You will be restricted from selling your securities for 4 months and a day. See ITEM 10.

Purchaser's Rights

You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right either to sue for damages or to cancel the agreement. See ITEM 11.

This offering is being made to, and subscriptions will only be accepted from, persons resident in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island. This offering is being made pursuant to certain exemptions contained in National Instrument 45-106 – Prospectus Exemptions ("NI 45-106").

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See ITEM 8.

CONFIDENTIALITY

This Offering Memorandum is confidential and has been prepared solely for delivery to and review by selected prospective purchasers of the securities offered hereby. This copy of the Offering Memorandum is personal to the person to whom it is delivered and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the securities offered hereby. Distribution of this Offering Memorandum to any person other than the person to whom it is delivered and those persons, if any, retained to advise such person with respect thereto is unauthorized, and any disclosure of any of its contents without the prior written consent of the Corporation is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and undertakes to make no photocopies of or to otherwise reproduce, in whole or in part, this Offering Memorandum, or any documents relating thereto and, if such prospective purchaser does not purchase any of the securities offered hereby or the Offering is terminated, to return promptly this Offering Memorandum and all such documents to the Corporation, if so requested by the Corporation.

ABOUT THIS OFFERING MEMORANDUM

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. Prospective purchasers should only rely on the information in this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of the Corporation or the securities offered herein and any such information or representation must not be relied upon.

This Offering is a private placement and is not, and under no circumstances is to be construed as, a public offering of the securities described herein. The securities are being offered in reliance upon exemptions from the registration and prospectus requirements set forth in applicable securities legislation.

The securities referred to in this Offering Memorandum have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This Offering Memorandum does not constitute an offer for sale of securities for sale, nor a solicitation for offers to buy any securities. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the company and management, as well as financial statements.

THIS IS A SPECULATIVE OFFERING. An investment in the securities described in this Offering Memorandum must be regarded as highly speculative due to the nature of the Corporation's business and its relatively early stage of development. Purchasers must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. The securities are suitable only for purchasers who are able to accept the risks inherent in the Corporation's business. In addition, there are a number of other risk factors that should be considered by persons proposing to make an investment in the securities. **Purchasers should consult their own professional advisors to assess the income tax, legal and other aspects of the investment. See ITEM 8.**

All dollar amounts stated in this Offering Memorandum are expressed in Canadian currency, except where otherwise indicated.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of the Corporation included and incorporated by reference in this Offering Memorandum are reported in Canadian dollars. Unless otherwise indicated, all financial information included and incorporated by reference in this Offering Memorandum have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum constitute forward-looking information. These statements relate to future events or our future performance. Forward-looking information can often be identified by the use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "budget", "plan", "forecast", "potential", "intend" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objective, assumptions, intentions, or statements about future events or performance. All

statements other than statements of historical fact are forward-looking statements. These statements reflect the Corporation's current views with respect to future events and are subject to known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements in this Offering Memorandum include, but are not limited to, statements with respect to:

- the Corporation's success in identifying and investing in companies that mature into profits;
- the Corporation's success in building awareness of its services;
- the Corporation's ability to retain key members of its management and development teams; and
- the Corporation's ability to access the capital markets.

With respect to the forward-looking information contained in this Offering Memorandum, the Corporation has made certain assumptions regarding, among other things:

- successfully implement or execute its current business plan, or that its business plan is sound;
- maintain its management and advisory team and the ability to attract key personnel;
- raise sufficient funds in the capital markets to effectuate its business plan;
- investment opportunities available to the Corporation;
- private companies that are interested in becoming a public companies;
- the Corporation's investments will mature or generate returns;
- compete effectively in the competitive environment in which it operates; and
- the continued success of business development activities.

Although management of the Corporation believes that the assumptions reflected in such forward-looking statements are reasonable and represent the Corporation's expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the Corporation's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

Risks and other factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, including exchange rates, interest rates, business competition, changes in government regulations or in tax laws, in addition to those factors discussed or referenced in Item 8. These factors should not be considered exhaustive. Many of these risk factors are beyond the Corporation's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon our assessment of all information available at that time.

The forward-looking statements made herein relate only to events or information as of the date of this Offering Memorandum and are expressly qualified by this cautionary statement. Except as required by law, the Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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ITEM 1 – USE OF AVAILABLE FUNDS

1.1 *Funds*

The net proceeds of the Offering and other funds available to the Corporation after this Offering are as follows:

		Assuming minimum Offering ⁽¹⁾	Assuming maximum Offering
A	Amount to be raised by this Offering	\$0	\$10,000,000
B	Selling referral and finder's fees ⁽²⁾	\$0	\$1,000,000
C	Estimated Offering costs (e.g. legal, accounting, audit and marketing)	\$0	\$20,000
D	Available funds: $D = A - (B + C)$	\$0	\$8,980,000
E	Additional sources of funding	\$0	\$0
F	Working capital deficiency	\$0	\$0
G	Total: $G = (D+E) - F$	\$0	\$8,980,000

Note:

- (1) There is no aggregate minimum Offering amount.
- (2) Assumes a cash commission of 10% is paid on all subscription proceeds. See ITEM 7.

1.2 *Use of Available Funds*

We will use the available funds as follows:

Description of intended use of available funds listed in order of priority	Assuming minimum Offering ⁽¹⁾	Assuming maximum Offering
Investments in public and private companies ⁽²⁾	\$0	\$7,184,000
Daily operations and general working capital ⁽²⁾	\$0	\$1,796,000
TOTAL:	\$0	\$8,980,000

Note:

- (1) There is no aggregate minimum Offering amount.
- (2) The net proceeds of the Offering will be used primarily by the Corporation to, without limitation, invest in public and private companies, fund, in part, daily operations, commercial office rentals, legal, accounting, consulting, computer hardware and software and information technology expenses, management and employees salaries, capital expenditures, targeted acquisitions, inventory and marketing and travel expenses.

1.3 *Reallocation*

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons. The Corporation will scale the levels of expenditures on the basis of the actual gross proceeds of the Offering.

1.4 *Insufficient Funds*

The maximum proceeds of the Offering are anticipated to be sufficient to accomplish all of the Corporation's proposed objectives barring unforeseen events. The Corporation will scale the levels of expenditures on the basis of the actual gross proceeds of the Offering. **There is no minimum offering. You may be the only purchaser. Funds available under this offering may not be sufficient to accomplish our proposed objectives.** In the event that adequate funds are raised under the Offering, however unforeseen events take place, there can be no assurance that alternative financing will be available or obtained on favorable terms, or at all.

ITEM 2 – THE BUSINESS OF GUNPOWDER CAPITAL CORP.

2.1 *Structure*

Gunpowder Capital Corp. was incorporated under the *Business Corporations Act* (Ontario) on June 1, 2006 under the name “Gemini Acquisitions Inc.” On December 14, 2007, Gemini Acquisitions Inc. acquired all of the issued and outstanding shares of Silver Shield Resources Inc., a corporation that was incorporated under the *Business Corporations Act* (Ontario). On March 4, 2008, Articles of Amendment were filed and Gemini Acquisitions Inc. changed its name to “Silver Shield Resources Corp.”. On May 16, 2016, Articles of Amendment were filed and Silver Shield Resources Corp. changed its name to “Gunpowder Capital Corp.”

2.2 *Our Business*

Until recently, the business of the Corporation has been the acquisition of, or participation by the Corporation in, the acquisition, exploration and development of high potential natural resource properties, with a particular focus on silver and gold. The Corporation’s principal mineral resource properties are described below under the heading “Mineral Exploration and Development”. The metal prices have been extremely volatile over the past five years, causing the share values of mining issuers to decline. Due to the volatility of metal prices, the Corporation had been unable to attract financing for its exploration and development activities since the beginning of 2011. Under such circumstances, directors of the Corporation began to focus on the feasibility of entering into new business sections that would better enhance shareholder value and generate revenue streams on a more consistent basis than mineral exploration and development has provided. To this end, on May 18, 2016, the Corporation implemented a new business model and changed its business from mineral exploration and development to merchant banking.

Stated Business Objectives

As more particularly discussed in this Offering Memorandum under the headings “Use of Proceeds” and “Business Strategy”, the Corporation intends to invest in private and public companies. It intends to seek out companies with a strong management teams in place and attractive economic models.

Merchant Bank Operations

The Corporation is focused on creating shareholder value through strategic investments in, and advisory services for, growth companies and seeking opportunistic investments in undervalued financial assets.

Revenue

At present the Corporation is not generating any revenue nor are any revenues forecast for the short term future. The Corporation will be dependant on obtaining new customers and making profitable investments to generate profit.

Business Strategies

The Corporation’s investment strategy is currently focused on the investment in debt and equity securities in privately held companies (the “**Target Companies**”). The Corporation seeks to invest typically in Target Companies that have a “go public” mandate or Target Companies that need advisory work to support activities as a “lead order”.

In a typical engagement, the Corporation will advise the Target Companies on becoming public and assist them with the initial public offering (“IPO”)/reverse take-over (“RTO”) process. The Corporation will also assist the Target Companies in engaging advisers (accountants, lawyers, valuers, etc.) in order to manage the whole IPO/RTO process. The Corporation would take a fee for such work, and the Corporation would also be entitled to a “success fee” upon the Target Company becoming a public company.

The Corporation would also consider investing in the Target Companies and the Corporation would therefore expect to have an upside from the investment, either through income, capital gains or both. After the Target Companies become public, the Corporation may assist the Target Companies with managing the capital markets, arranging broker and analyst meetings, and assisting with regulatory filings and disclosure. Other post-public work would include assisting with the merger and acquisition process for companies with an acquisition strategy.

The Corporation may also consider entering into other investment opportunities where there is no advisory mandate on an opportunistic basis. The Corporation plans on being “sector agnostic” and its analysts will look for quality companies that have revenue generating models already in place. All sectors will be considered and every opportunity will be assessed on its own merits.

When investing in a Target Company, the Corporation will assess the opportunity by evaluating the following:

- In debt deals, the Corporation will assess the collateral, security, and expectations of repayment in relation to the return.
- In equity deals, the Corporation will assess revenue, profitability, growth expectations, and chances/risks of achieving growth expectations.

Mineral Exploration and Development

Mineral Exploration Projects

The Corporation has not been active in its mineral exploration and development programs for over one year due to a lack of cash and the lack of suitable funding. With no funds available for significant exploration in Canada, the Corporation had attempted to sell its Canadian properties to generate funds to sustain the Corporation. With the implementation of the merchant bank business model, the Corporation intends to monetize its mineral interests or eventually dispose of them.

Canadian Properties

On July 17, 2006, the Corporation entered into an option agreement (the “**Welsh Option Agreement**”) with Welsh Silver Mines Inc. and Robert Welsh (collectively, the “**Welsh Optionors**”) to acquire one mining lease and nine mining claims in the Welsh Silver Mine property (the “**Welsh Property**”) located in Mickle Township near the town of Elk Lake in Ontario. The Corporation has fulfilled the terms of the Welsh Option Agreement and acquired 100% interest in the Welsh Property. Pursuant to the Welsh Option Agreement, the Corporation paid the Welsh Optionors a total of \$80,000 and issued to the Welsh Optionors 660,000 common shares of the Corporation. The Corporation was also required, and has satisfied, the \$50,000 expenditure commitment. The Welsh Property is subject to a 2% net returns royalty (“**NSR**”) and advance royalties of \$30,000 per year commenced in 2009. During 2015, the Corporation allowed 8 mining claims in Mickle Township to lapse, but value still remain 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. The Corporation does not intend to expend any funds in the near future on mineral exploration and development on the Welsh Property.

On December 2, 2009, the Corporation entered into an option agreement (the “**Lost Dog Option Agreement**”) to acquire 36 unpatented mining claims in Denton Township, west of Timmins, Ontario, which from the Lost Dog Property. As of March 31, 2012, the Corporation has fulfilled the terms of the Lost Dog Option Agreement and acquired 100% interest in the Lost Dog Property. Pursuant to the Lost Dog Option Agreement, the Corporation paid a total of \$50,000 and issued to the optionors 750,000 common shares of the Corporation. The Lost Dog Property is subject to a 2% Net Smelter Returns (“**NSR**”) and the Corporation can buy back 1% for \$ 1,000,000. The Corporation does not intend to expend any funds in the near future on mineral exploration and development on the Lost Dog Property.

On March 15, 2012, the Corporation entered into an agreement with two private companies to acquire 21 mining claim units in Hislop Township, Ontario. The properties are subject to a 2% NSR and the Corporation can buy back 1% for \$ 1,000,000. No work was carried out on these projects, and all interest in the properties has been lost.

2.3 *Development of Business*

In 2014, the Corporation recognized that a change was required in its business model and operations, and in the beginning of 2014 a new board of directors and management was put into place. One of the new board of directors' mandates was to investigate other alternative businesses to revitalize the Corporation. Management, in the first half of 2014, continued to discuss financings for the mining assets, including sales of certain assets, and joint-venturing of certain other assets, even sale or merger of the Corporation. During the later half of 2014, the Corporation pursued opportunities in areas other than mining and exploration.

On June 4, 2015, the Corporation consolidated its common shares (each a "**Common Share**" and collectively, "**Common Shares**") on the basis of one new Common Share for every ten Common Shares outstanding. The Corporation had 82,570,350 Common Shares outstanding at that time, and following the share consolidation, 8,257,035 Common Shares were outstanding.

On December 4, 2015, the Corporation's Common Shares were delisted from the NEX Board of the TSX Venture Exchange ("**TSXV**") and on December 7, 2015, it began trading on the Canadian Stock Exchange ("**CSE**") under the trading symbol "**SSR**".

At the Annual General and Special Meeting of the Corporation on January 28, 2016, the shareholders of the Corporation approved the special resolutions to authorize an amendment to 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 from mineral exploration and development to merchant banking, to implement a name change that better reflects the change of business, and to approve the Corporation's stock option plan.

In May 2016, the Corporation fully implemented its change of business from a mineral exploration and development to merchant banking and changed its name to "Gunpowder Capital Corp." and currently trades under the symbol "GPC" on the CSE.

On May 16, 2016 the Corporation completed a fifth and final tranche of its non-brokered private placement of units for gross proceeds of \$238,698. Each unit is comprised of one Common Share and one-half 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 with the previous tranches, the Corporation raised \$633,098.00.

On May 16, 2016, the Corporation completed a fifth and final tranche of its non-brokered private placement of Series A Preferred Shares for gross proceeds of \$12,820. The Series A Preferred Shares will pay up to an 8% annual dividend to the holders of the Preferred Shares. Furthermore, holders of the Series A 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 Series A Preferred Shares. Combined and in total with the previous tranches, the Corporation raised \$552,460.00.

2.4 *Long Term Objectives*

The Corporation's long-term objective is to continue to grow the investments and go public business model. The Corporation intend to acquire corporate assets that will generate cash flow and could potentially be spun out in its own right for a public offering.

2.5 *Short Term Objectives and How We Intend to Achieve Them*

The Corporation's goal for the next 12 months is to complete the Offering and using the proceeds to (i) create awareness of the Corporation's go-public product and investments funds, (ii) continue to look for strategic acquisitions either in, or out of, the natural resources sector to increase shareholder value; and (iii) continue to develop and advance the assets the Corporation holds in its project portfolio. The following table summarizes how we intend to meet these objectives, and the anticipated costs for such steps:

What we must do and how we will do it	Target completion date	Our Maximum Cost to Complete
Completion of the Offering	First tranche is expected to be completed on or about July 29, 2016	\$20,000

What we must do and how we will do it	Target completion date	Our Maximum Cost to Complete
Presentations with Investment Advisors, principally in Vancouver and Toronto	Spring 2017	\$25,000
Attend network events to build awareness of the services of the Corporation	Spring 2017	\$25,000

2.6 *Insufficient Funds*

The maximum proceeds of the Offering are anticipated to be sufficient to accomplish all of the Corporation's proposed objectives barring unforeseen events. The Corporation will scale the levels of expenditures on the basis of the actual gross proceeds of the Offering. **There is no minimum Offering. You may be the only purchaser. Funds available under this Offering may not be sufficient to accomplish our proposed objectives.**

In the event that adequate funds are raised under the Offering, however unforeseen events take place, there can be no assurance that alternative financing will be available or obtained on favorable terms, or at all.

2.7 *Material Agreements*

The following summarizes the material agreements to which the Corporation is currently a party:

1. Welsh Option Agreement dated July 17, 2006 among the Corporation, Welsh Silver Mines and Robert Welsh, whereby the Corporation has the right to earn 100% interest in the Welsh Property upon meeting the certain conditions.
2. Lost Dog Option Agreement dated December 2, 2009 among the Corporation and optionors to acquire 36 unpatented mining claims in Denton Township, west of Timmins, Ontario, which form the Lost Dog Property.
3. On July 26, 2015, the Corporation entered into an agreement with Rock Vapor Technologies Inc. ("**RVT**") to purchase 80,000 shares of RVT common stock at a price of \$1.25 USD per share for a total purchase price of \$100,000 USD. These shares are sold pursuant to the terms of Regulation S of the Securities Act of 1933, as amended. The shares will be restricted indefinitely until RVT 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 the shares are restricted, they may not be traded in the United States or Canada.
4. On February 19, 2016, the Corporation loaned \$150,000.00 to Cardiff Energy Corp. ("**Cardiff**"). The loan is secured by a first ranking General Security Agreement on the assets of Cardiff including its United States 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 had 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. On April 26, 2016, the Corporation entered into an advisory agreement with Advantagewon Inc. ("**AI**") where the Corporation will assist AI with its go-public strategy. Under the terms of the advisory agreement, AI will pay the Corporation a monthly advisory fee of \$6,000. Upon successful completion of its go-public transaction, AI will pay the Corporation a success fee of \$100,000 and issue to the Corporation \$80,000 worth of AI option stocks at the go public price.

ITEM 3– INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 *Compensation and Securities Held*

The following table provides the specified information about the directors and officers of the Corporation who directly or indirectly beneficially owns or controls, or who will own or control following the maximum Offering,

10% or more of any class of voting securities of the Corporation.

Name and Municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by Corporation in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Corporation held after completion of min. Offering	Number, type and percentage of securities of the Corporation held after completion of max. Offering
Frank Kordy Toronto, Ontario	Interim Chief Executive Officer (December 27, 2013 to present) Director (December 27, 2013 to present)	Nil for year ending December 31, 2015 \$60,000 for year ending December 31, 2016.	140,000 Common Shares (0.6%) Nil Warrants for Common Shares 150,000 Options ⁽¹⁾	140,000 Common Shares (0.6%) Nil Warrants for Common Shares 150,000 Options ⁽¹⁾
Dan Collia Toronto, Ontario	Director (December 23, 2015 to present)	Nil	Nil Common Shares (0%) Nil Warrants for Common Shares 50,000 Options ⁽¹⁾	Nil Common Shares (0%) Nil Warrants for Common Shares 50,000 Options ⁽¹⁾
Steve Mlot Richmond Hill, Ontario	Director (February 5, 2014 to present)	Nil	895,831 Common Shares ⁽²⁾ (3.6%) Nil Warrants for Common Shares 50,000 Options ⁽¹⁾	895,831 Common Shares ⁽²⁾ (3.6%) Nil Warrants for Common Shares 50,000 Options ⁽¹⁾
Paul Haber Brooklin, Ontario CFO	Chief Financial Officer (December 8, 2015 to present)	\$7,000 for year ending December 31, 2015 \$84,000 for year ending December 31, 2016	800,000 Common Shares ⁽³⁾ (3.2%) 400,000 Warrants for Common Shares ⁽³⁾ 500,000 Options ⁽¹⁾	800,000 Common Shares ⁽³⁾ (3.2%) 400,000 Warrants for Common Shares ⁽³⁾ 500,000 Options ⁽¹⁾

Notes:

- (1) Each option is exercisable for a ten year period to acquire one Common Share at a price of \$0.12 per Common Share. The options granted are not subject to any vesting restrictions.
- (2) Includes 457,332 Common Shares held indirectly through Northern Nickel Mining, a company of which Mr. Mlot is a director, officer and shareholder of.
- (3) Includes 800,000 Common Shares and 400,000 Common Share purchase Warrants (the “**Warrants**”) held indirectly through BlackBirch Capital Corp., a company of which Mr. Haber is a director, officer and shareholder of. Each Warrant entitles the holder to acquire one Common Share for \$0.15 for a period of 36 months from the closing date.

3.2 **Management Experience**

(a) **Directors and Senior Officers**

The name and principal occupation of the directors and officers of the Corporation over the past five years are as follows:

Name	Principal occupation and related experience
<p>Frank Kordy Interim Chief Executive Officer and Director</p>	<p>Mr. Kordy serves as the interim Chief Executive Officer of the Corporation. Since 1997, Mr. Kordy has assisted numerous public companies in the biotech, financial, mining, and oil/gas sectors with their investor relation, corporate communications and traditional marketing endeavors. Mr. Kordy founded PENTA Communications in 2002, a multi-faceted interactive media development company that provides corporate and investor relation communication solutions to publicly traded companies. In 1998, Mr. Kordy co-founded creativePOST interactive which was one of the first DVD Authoring productions houses in North America which produced numerous retail Hollywood feature film & music video DVD's for Sony Corporation, Lions Gate Entertainment, EMI Music and Warner Bros. Entertainment Inc. At creativePOST, Mr. Kordy also spearheaded the development of numerous investment product video DVD's for AIC, Fidelity Investments, TD Bank, Canadian Imperial Bank of Commerce and Royal Bank of Canada.</p>
<p>Dan Collia Director</p>	<p>Since 1997, Mr. Collia has been serving as a supply chain professional within the machinery and automotive sectors both domestically and abroad. Mr. Collia has extensive experience facilitating new business development and project management.</p>
<p>Steve Mlot Director</p>	<p>Mr. Mlot, P.Eng, is a mining engineering professional, with 35 years of experience in all aspects of mine design, mine development, project management, and corporate management. He has held posts as President & CEO of Carlisle Goldfields limited, as President, Director and COO of Patricia Mines Inc., as President and General Manager of Canadian Mineforce Inc. and as Rehabilitation Engineer with the Ontario Ministry of Northern Development and Mines. On April 21, 2016, Mr. Mlot was appointed as a Director of Millstream Mines Ltd., a Canadian-based mineral exploration company.</p>
<p>Paul Haber Chief Financial Officer</p>	<p>Mr. Haber, CPA, CA, serves as the Chief Financial Officer of the Corporation. Since 2007, he has been the Chairman and Managing Director of BlackBirch Capital Corporation, which provides capital and strategic, business and financial expertise to early-stage and mid-market companies before, during and after the going public process. Mr. Haber has over 18 years' experience in corporate finance and capital markets. He has helped many companies navigate the initial public offering and reverse take-over process and has participated in many M&A and financing transactions. Mr. Haber currently sits on the board of directors of TriMetals Mining Inc. and Chinapintza Mining Corp. Mr. Haber is a member in good standing of the Chartered Professional Accountants of Canada and the Chartered Professional Accountants of Ontario.</p>

3.3 *Penalties, Sanctions and Bankruptcy*

No penalty or sanction has been in effect during the last 10 years, and no cease trade order been in effect for a period of more than 30 consecutive days during the last 10 years, against any director, senior officer or control person of the Corporation, or any company of which any of them was a director, senior officer or control person, other than the following:

- a) Messrs. Kordy and Mlot were directors of the Corporation on May 8 2014 when the Corporation was placed under a cease trade order for not filing its annual financial statements for fiscal year 2013. The Corporation was subject to a cease trade order issued by the British Columbia Securities Commission on May 8, 2014, a cease trade order issued by the Ontario Securities Commission on May 20, 2014 and a cease trade order issued by the Alberta Securities Commission on June 19, 2014 for failure to file financial statements (collectively, the “**Orders**”). The Corporation had its Common Shares listed on the NEX Board of the TSXV. Pursuant to the Orders, TSXV suspended trading of the Common Shares. On May 8, 2015, the Orders were collectively revoked and the Common Shares were reinstated for trading on May 21, 2015.
- b) Paul Haber was a director of CY Oriental Holdings Ltd. (“**CY Oriental**”) from June 2009 to November 2010 while it was subject to certain cease trade orders resulting from events that preceded Mr. Haber’s election as a director. On July 3, 2008, CY Oriental was issued a cease trade order by the British Columbia Securities Commission for failure to file interim financial statements and management discussion and

analysis for the three-month period ended March 31, 2008 and for its failure to file financial statements and management discussion and analysis for the year ended December 31, 2007. The securities commissions of Ontario and Alberta issued related cease trade orders on July 18, 2008 and October 3, 2008, respectively. These cease trade orders remain in effect.

No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last 10 years with regard to those individuals or any companies of which any of those individuals was a director, officer or control person.

3.4 *Loans*

There is no debentures or loan from director, management, promoters and principal holders of the Corporation as at the date of this Offering Memorandum.

ITEM 4– CAPITAL STRUCTURE

4.1 *Share Capital*

Description of Security ⁽¹⁾	Number of authorized to be issued	Price per Security	Number outstanding as at July 4, 2016	Number outstanding after min. Offering	Number outstanding after max. Offering
Common Shares ⁽¹⁾	unlimited	n/a	24,909,254	24,909,254	24,909,254
Series A Preferred Shares ⁽²⁾	unlimited	n/a	55,246	55,246	55,246
Common Share Purchase Warrants ⁽³⁾	n/a	n/a	6,075,137	6,075,137	6,075,137
Incentive Stock Options ⁽⁴⁾	10% of issued and outstanding Common Shares	n/a	1,550,000	1,550,000	1,550,000
Notes	n/a	n/a	Nil	Nil	20,000 ⁽⁵⁾

Notes:

- (1) For more information about the rights and privileges associated with the Common Shares, see Item 5.1(c).
- (2) For more information about the rights and privileges associated with the Series A Preferred Shares, see Item 5.1(c).
- (3) Warrants exercisable for Common Shares at prices ranging from \$0.15 to \$0.25 per Common Share.
- (4) Each option is exercisable for a ten year period to acquire one Common Share at a price of \$0.12 per Common Share. The options granted are not subject to any vesting restrictions.
- (5) Includes up to 20,000 Notes issuable under the Offering and assumes the Notes with a principal amount of \$10,000,000 convertible at \$10.00 per Preferred Share into an aggregate of 1,000,000 Preferred Shares.

4.2 *Long-Term Debt Securities*

Not applicable.

4.3 *Prior Sales*

No Notes were issued during the 12-month period preceding the date of this Offering Memorandum.

ITEM 5 – SECURITIES OFFERED

5.1 *Terms of Securities*

(a) *Notes*

The Notes have a maturity date of 36 months from the date of issuance and accrue interest at the rate of 8% per annum, calculated and paid quarterly in arrears. The outstanding principal amount of the Notes is convertible into Preferred Shares at a price of \$10.00 per Preferred Share at any time and from time to time at the option of the holder in accordance with the terms and conditions set out in the Subscription Agreement and the certificate representing the Notes (the “**Conversion Right**”).

The Notes will be unsecured obligations of the Corporation. The Notes will rank equally with all other existing and future unsecured obligations of the Corporation. The Notes will be effectively subordinated to any existing and future secured obligations of the Corporation, to the extent of the value of the collateral securing such obligations.

The Corporation will have the option to prepay all or any portion of the outstanding principal amount of the Notes (the “**Prepayment Option**”) upon delivery of notice (a “**Prepayment Notice**”) to the holder thereof. A holder shall have a period of 10 business days from the date of delivery of a Prepayment Notice to indicate its intention to exercise the Conversion Right by delivering notice (a “**Conversion Notice**”) to the Corporation. If no Conversion Notice is delivered to the Corporation within such 10 business day period, a holder shall be deemed to have accepted prepayment as set out in the Prepayment Notice. The Notes are not listed on any stock exchange.

(b) *Preferred Shares*

The Preferred Shares are non-voting, except in certain circumstances required by applicable corporate law. Holders of Preferred Shares are entitled to receive, in priority to holders of the Common Shares on a per share basis, on a pro-rata basis such dividends, if any, as and when declared by the Corporation’s board of directors at its discretion from funds legally available therefore, and upon the liquidation, dissolution or winding up of the Corporation are entitled to receive, in priority to the holders of the Common Shares on a per share basis, on a pro-rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Preferred Shares with respect to dividends or liquidation. The Preferred Shares are redeemable by the Corporation. The Preferred Shares are not listed on any stock exchange.

5.2 *Subscription Procedure*

(a) *Subscription Documents*

Subscribers who wish to purchase Notes will be required to enter into a Subscription Agreement with the Corporation by completing and delivering the Subscription Agreement and related documentation to the Corporation. The Subscription Agreement contains, among other things, representations and warranties required to be made by the purchaser that it is duly authorized to purchase the Notes, that it is purchasing the Notes for investment and not with a view for resale and as to its corporate status or other qualifications to purchase the Notes on a “private placement” basis. Reference is made to the Subscription Agreement and related documentation, copies of which are attached hereto as Exhibit “II”, for the specific terms of these representations, warranties and conditions.

Notes may be purchased in the following manner:

- (i) execute a Subscription Agreement, a copy of which is attached hereto as Exhibit “II”, as well as any documentation required by the applicable securities laws of the jurisdiction in which they are resident (copies of which are attached to the Subscription Agreement);
- (ii) pay the Subscription Price in respect of the Notes subscribed for, by way of a certified cheque, bank draft or wire transfer payable to “Gunpowder Capital Corp.”; and
- (iii) deliver all of the foregoing to Gunpowder Capital Corp., 47 Colborne Street, Suite 307, Toronto, Ontario, M5E 1P8 (Attention: Frank Kordy and/or Paul Haber).

Subject to applicable securities laws, and the purchaser’s two-day cancellation right, a subscription for Notes, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the purchaser. See ITEM 11 – Purchaser’s Rights. The subscription funds delivered together with a Subscription Agreement will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a purchaser.

Subscription funds received will be held in trust by the Corporation pending closing of the Offering. Subscriptions for Notes will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. The Corporation intends to complete the initial closing under this Offering Memorandum as soon as practicable, with the intent that such initial closing is expected to occur on or about July 29, 2016. **There is no minimum offering. You may be the only purchaser. Funds available under this offering may not be sufficient to accomplish our proposed objectives.**

Subscriptions for Notes are subject to acceptance by the Corporation and compliance with applicable securities laws. The Subscription Agreement referred to herein contains representations and warranties of the purchaser, which the Corporation will be relying upon in order to determine the eligibility of the potential purchaser to subscribe for and purchase Notes pursuant to the Offering.

You should carefully review the terms of the Subscription Agreement attached hereto for more detailed information concerning the rights and obligations applicable to you and the Corporation. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. **You should consult with your own professional advisors.**

(b) *Distribution*

The Offering is being made to, and subscriptions will only be accepted from, persons resident in the Provinces of British Columbia, Alberta Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island pursuant to the Offering Memorandum, “accredited investor” and other applicable exemptions from the prospectus requirements of National Instrument 45-106 adopted by Canadian Securities Administrators. Subscriptions for Notes may also be accepted from Subscribers in other jurisdictions at the Corporation’s discretion, provided that each such purchaser provides to the Corporation the full particulars of the exemption from the registration and prospectus requirements under applicable securities laws being relied on and evidence of the purchaser’s qualifications thereunder.

The foregoing exemptions relieve the Corporation from the provisions of applicable securities laws which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers for Notes will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

Each purchaser is urged to consult with his own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.

ITEM 6 – INCOME TAX CONSEQUENCES

6.1 *Tax Advice*

You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.

6.2 *RRSP Eligibility*

Not all securities are eligible for investment in a registered retirement savings plan (“RRSP”). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

ITEM 7 – COMPENSATION PAID TO SELLERS AND FINDERS

7.1 *Finder’s Fee or Referral Fee*

The Corporation, in its discretion, may seek assistance from Agents to effect the sale of the Notes on a best efforts basis on a private placement basis (subject to applicable securities laws). In consideration of the services of the Agents, the Corporation may pay the Agents a cash commission of up to 10% of the aggregate sales made by them in connection with the Offering and/or other form of compensation (eg. Common Share purchase warrants).

ITEM 8 – RISK FACTORS

8.1 *Risk Factors*

Investment in the Notes should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Notes at this time is highly speculative due to the stage of the Corporation's development and requirement to raise additional financing to carry out its long-term business plan. Investors must rely on management of the Corporation. Any investment in the Corporation at this stage involves a high degree of risk.

General Risks Relating to the Corporation

No assurance of profitability

The Corporation operates at a loss and there is no assurance that the Corporation will ever be profitable.

Liquidity risk and a failure to obtain funds could limit the Corporation's ability to engage in desired activities and grow its business.

All of the Corporation's portfolio of investments has not yet mature. 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 business objectives. The Corporation has for the past months been diligently pursuing financing. There can be no assurance that such additional capital will be available or on terms acceptable to the Corporation. If future financing funds are not available on acceptable terms, it may be forced to curtail or cease its operations. Even if it is able to continue operations, the failure to obtain financing could have a substantial adverse effect on its business, results of operations and financial results.

A reduction in its credit ratings could adversely affect the Corporation.

The Corporation's borrowing costs and access to the debt capital markets, and thus its liquidity, depend significantly on its public credit ratings. These ratings are assigned by rating agencies, which may reduce or withdraw their ratings or place the Corporation on "credit watch", which could have negative implications. A deterioration of the Corporation's credit ratings could increase its borrowing costs and limit its access to the capital markets, which, in turn, could reduce any of its future earnings. Should the Corporation's credit rating be deemed as below investment grade, counterparties, including customers, suppliers and financial institutions, are also sensitive to the risk of a ratings downgrade and may be less likely to engage in transactions with the Corporation, or may only engage at a substantially higher cost or on increased credit enhancement terms (for example, letters of credit, additional guarantees or other credit support) which carry increased costs. If such an event were to occur, it could have a material adverse effect on its business, results of operations, financial condition or prospects.

The Corporation's business depends on its ability to retain and attract key employees.

The Corporation's success depends on the continued service and performance of its key employees. The loss of services of certain key employees, whether to go to a competitor, to start their own business, to retire or for other reasons, could have a material adverse effect on the Corporation's operations or financial condition. If the Corporation fails to retain or attract the necessary caliber of employees or if it fails to maintain compensation awards at an appropriate level for such employees, the Corporation's business, results of operations or financial condition could be materially adversely affected.

Shareholders of the Corporation may experience more dilution.

The Corporation is authorized to issue an unlimited number of Common Shares and a unlimited number of Preferred Shares. The Board has the authority to cause the Corporation to issue additional Common Shares and additional Preferred Shares without consent of any of the Corporation's shareholders. Consequently, shareholders may experience more dilution in their ownership of the Corporation in the future.

The Corporation may not declare any dividends.

The Corporation has not declared or paid any dividends on its Common Shares since inception and does not anticipate paying any such dividends on its Common Shares for the foreseeable future. Investors seeking dividend income or liquidity should not invest in the Corporation's Common Shares

The requirements of being a public Corporation may strain the Corporation's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members.

As a reporting issuer, the Corporation is subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the CSE and other applicable securities rules and regulations. Compliance with these rules and regulations increases the Corporation's legal and financial compliance costs, makes some activities more difficult, time consuming or costly and increases demand on its systems and resources. Applicable securities laws require the Corporation to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. In addition, applicable securities laws require the Corporation to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Corporation's business and results of operations.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. If the Corporation's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against the Corporation and the Corporation's business may be adversely affected.

As a public company subject to these rules and regulations, the Corporation may find it more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Corporation to attract and retain qualified members of its board of directors, particularly to serve on its audit committee and compensation committee, and qualified executive officers.

An investment in the securities of the Corporation is extremely speculative and there can be no assurance of any return on any such investment.

An investment in the securities of the Corporation is extremely speculative and there is no assurance that investors will obtain any return on their investment. Investors will be subject to substantial risks involved in an investment in the Corporation, including the risk of losing their entire investment.

The price of the securities of the Corporation may fluctuate significantly, which may make it difficult for holders of securities of the Corporation to sell their securities at a time or price they find attractive.

The Corporation's stock price may fluctuate significantly as a result of a variety of factors, many of which are beyond its control. In addition to those described under "*Forward Looking Information*" these factors include:

- actual or anticipated quarterly fluctuations in its operating results and financial condition;
- changes in financial estimates or publication of research reports and recommendations by financial analysts with respect to it or other financial institutions;
- reports in the press or investment community generally or relating to the Corporation's reputation;
- strategic actions by the Corporation or its competitors, such as acquisitions, restructurings, dispositions, or financings;
- fluctuations in the stock price and operating results of the Corporation's competitors;
- future sales of the Corporation's equity or equity-related securities;
- proposed or adopted regulatory changes or developments;
- domestic and international economic factors unrelated to the Corporation's performance; and
- general market conditions.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect the Corporation's stock price, notwithstanding the Corporation's operating results. The market price of the Corporation's Common Shares will fluctuate and there can be no assurances about the levels of the market prices for its Common Shares.

The Notes will not be publicly listed and it may be difficult for investors to sell their Notes.

The Corporation does not intend to publicly list the Notes. Notes will only be convertible into Preferred Shares. The lack of trading market may impair an investor's ability to sell their Notes at the time they wish to sell them or at a price that they consider reasonable.

The Preferred Shares are not publicly listed and it may be difficult for investors to sell their Preferred Shares.

The Preferred Shares are not publicly listed. While the Corporation intends to list the Preferred Shares on a stock exchange, there is no assurance that the Preferred Shares will be listed, or if listed, will provide a liquid market for the Preferred Shares. Until the Preferred Shares are listed on a stock exchange, holders of the Preferred Shares may not be able to sell their Preferred Shares. Even if listing is obtained, there can be no assurance that an active public market for the Preferred Shares will develop or be sustained after completion of the Offering.

The Corporation does not know whether an active, liquid and orderly trading market will develop for the Common Shares of the Corporation or what the market price of the Common Shares of the Corporation will be and as a result it may be difficult for investors to sell their Common Shares of the Corporation.

An active trading market for Common Shares of the Corporation may never develop or be sustained. The lack of an active market may impair an investor's ability to sell their Common Shares of the Corporation at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of an investor's Common Shares of the Corporation. Further, an inactive market may also impair the Corporation's ability to raise capital by selling the Common Shares of the Corporation and may impair its ability to enter into collaborations or acquire companies or products by using the Common Shares of the Corporation as consideration. The market price of the Common Shares of the Corporation may be volatile, and an investor could lose all or part of their investment.

The Corporation is exposed to fluctuations in currency exchange and interest rates.

The vast majority of transactions undertaken by the Corporation's business and marketing activities are denominated in Canadian dollars. However, the Corporation is exposed to fluctuations in currency exchange rates through its investment activities because some of its investments are US dollars.

The reporting currency and the functional currency of the majority of the Corporation's operations is the Canadian dollar, as this is assessed to be the principal currency of the economic environment in which the Corporation operates. For financial reporting purposes, transactions in foreign currencies are converted into the functional currency of each entity using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year-end rates. The resulting exchange differences are recorded in the consolidated statement of income. The exchange rates between the US dollar and the Canadian dollar have historically fluctuated, and the translation effect of such fluctuations may have a material adverse effect on the Corporation's consolidated results of operations or financial condition.

Risk Factors Effecting the Corporation's Investing Activities

The success of the Corporation's investments is dependent on the market value of the investments.

Given the nature of the Corporation's activities, its results of operations and financial condition are dependent upon the market value of the securities that comprise the Corporation's portfolio. Market value can be reflective of the actual or anticipated operating results of its portfolio companies and/or the general market conditions that affect the sectors in which the Corporation invests. The Corporation intends to invest in public and private companies which the Corporation believes exhibit potential for growth and sustainable cash flows but which may not ever mature or generate the returns for the Corporation expects or may require a number of years to do so.

Junior exploration, biotechnology and technology companies may never achieve commercial discoveries and production. This may create an irregular pattern in the Corporation's revenues (if any). Additionally, macro factors such as fluctuations in commodity prices and global political, economic and market conditions could have an adverse effect on one or more sectors to which the Corporation is exposed, and a disproportionate effect on the sectors as compared to the overall market, thereby negatively impacting one or more of the portfolio companies at any point in time.

Some of the Corporation's investments may be illiquid securities.

Some of the securities that the Corporation may invest in may be illiquid. A considerable period of time may pass when a decision to dispose of such securities is made and the securities are actually sold. The value of these securities could decline in the interim. Illiquid securities present challenges to generate planned exit strategies at attractive prices and may require substantial periods of time to liquidate.

The Corporation is faced with competition in the merchant banking industry.

The Corporation will compete with other merchant banking companies for attractive investment opportunities. These firms may have greater financial resources and technical skills than the Corporation. There is no guarantee that enough opportunities will exist for us to generate suitable returns or that our competitors will not identify these opportunities before us.

The success of the Corporation's marketing activities depends in part on its ability to identify and take advantage of arbitrage opportunities.

Many of the commodity markets in which the Corporation operates are fragmented and periodically volatile. As a result, discrepancies generally arise in respect of the prices at which the commodities can be bought or sold in different forms, geographic locations or time periods, taking into account the numerous relevant pricing factors, including freight and product quality. These pricing discrepancies can present the Corporation with arbitrage opportunities whereby the Corporation is able to generate profit by sourcing, transporting, blending, storing or otherwise processing the relevant commodities. Profitability of the Corporation's marketing activities is, in large part, dependent on its ability to identify and exploit such arbitrage opportunities. A lack of such opportunities, for example, due to a prolonged period of pricing stability in a particular market, or an inability to take advantage of such opportunities when they present themselves, because of, for example, a shortage of liquidity or an inability to access required logistics, assets or other operational constraints, could adversely impact the Corporation's business, results of operations and financial condition.

The Corporation's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks.

The Corporation's marketing activities are exposed to commodity price, foreign exchange, interest rate, counterparty (including credit), operational, regulatory and other risks. The Corporation has devoted significant time in developing and implementing policies and procedures to manage these risks and expects to continue to do so in the future. Nonetheless, the Corporation's policies and procedures to identify, monitor and manage risks have not been fully effective in the past and may not be fully effective in the future. Some of the Corporation's methods of monitoring and managing risk are based on historical market behavior that may not be an accurate predictor of future market behavior. Other risk management methods depend on evaluation of information relating to markets, suppliers, customers and other matters that are publicly available or otherwise accessible by the Corporation. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in doing so. The Corporation uses, among other techniques, Value at Risk, or "VaR", as a key risk measurement technique for its marketing activities. VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by the Corporation, nor does the Corporation expect that VaR results are indicative of future market movements or representative of any actual impact on its future results. Failure to mitigate all risks associated with the Corporation's business could have a material adverse effect on the Corporation's business, results of operations and financial condition.

The Corporation may fail to make successful acquisitions.

From time to time, the Corporation may consider the acquisition of complementary businesses or assets where the opportunity is presented to do so at attractive prices. Further acquisitions to be made by the Corporation may be subject to certain approvals (for example, shareholder or antitrust approvals which may or may not be obtained or may be obtained subject to remedies, including the divestment of assets). Failure to successfully acquire a business could have a material adverse effect on the Corporation's business, financial condition, results of operations and/or prospects. All of these may be exacerbated by the diversion of Management's attention away from other ongoing business concerns. Business combinations which are completed also carry numerous risks, include adverse regulatory conditions and obligations, conflicts with minority interests, retention of key staff and lower than expected revenues and operational performance. The Corporation may also be liable for the past acts, omissions or liabilities of companies or businesses it has acquired, which may be unforeseen or greater than anticipated at the time of the relevant acquisition. In addition, various factors could impact the estimated synergies for potential acquisitions, including uncertainty in sales proceeds from planned divestments, and have a material adverse impact on the Corporation's business, results of operations and financial condition.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing the Notes. Potential investors should read this entire Confidential Offering Memorandum and the attached Subscription Agreement and consult with their legal and other professional advisors before determining to invest in the Notes.

ITEM 9 – REPORTING OBLIGATIONS

9.1 *Reporting Obligations*

The Corporation is not required under applicable securities or corporate laws to deliver any documents or financial information to holders of Notes. As such, **we are not required to send you any documents on an annual or ongoing basis.**

The Corporation is a "reporting issuer" in the Provinces of British Columbia, Alberta, Ontario, and the Common Shares are listed on the CSE. Accordingly, the Corporation is subject to continuous reporting and disclosure obligations pursuant to the applicable securities laws in such Provinces and the policies of the CSE, and is required to make disclosure of its affairs, including, without limitation, the prompt notification of material changes by way of press releases and formal filings or the preparation of quarterly unaudited financial statements and annual audited financial statements in accordance with generally accepted accounting principles. Copies of these filings are available on the Corporation's profile on SEDAR at www.sedar.com.

ITEM 10 – RESALE RESTRICTIONS

10.1 *General Statement*

The Notes and underlying securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 *Restricted Period*

Unless permitted under securities legislation, you cannot trade the Notes or underlying securities before the date that is 4 months and a day after the distribution date.

ITEM 11 – PURCHASER'S RIGHTS

If you purchase these securities, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

The following is a summary of the statutory or contractual rights of action for damages or rescission which may be available to a purchaser of Notes. The applicable securities laws in certain jurisdictions provides purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it or any information or documents incorporated or deemed to be incorporated herein by

reference contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor. The rights of action described herein are in addition to and without derogation from any other right or remedy that a purchaser may have at law.

Any Offering Memorandum marketing materials related to the Offering and which are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for Notes are deemed to be incorporated by reference in this Offering Memorandum.

As used herein, except where otherwise specifically defined, "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this Offering Memorandum or any amendment hereto or any information or documents incorporated or deemed to be incorporated herein by reference not misleading in light of the circumstances in which it was made. A "material fact" means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Notes.

The following summaries are subject to any express provisions of the securities legislation of each selling jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

11.1 *Two Day Cancellation Right*

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Corporation by midnight on the second business day after you sign the Subscription Agreement to buy the Notes.

11.2 *British Columbia*

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue (a) the Corporation to cancel your agreement to buy the Notes, or (b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Corporation, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

11.3 *Alberta*

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue (a) the Corporation to cancel your agreement to buy the Notes, or (b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Corporation, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities.

You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the securities.

11.4 *Saskatchewan*

Section 138 of *The Securities Act, 1988* (Saskatchewan) (the “**Saskatchewan Act**”) provides, subject to certain limitations, that if this Offering Memorandum or any amendment thereto sent or delivered to a purchaser contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases Notes pursuant to this Offering Memorandum or an amendment thereto has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against:

- (a) the Corporation;
- (b) every promoter and director of the Corporation at the time this Offering Memorandum or any amendment thereto was sent or delivered;
- (c) every person or company whose consent has been filed with this Offering Memorandum or an amendment thereto but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that signed this Offering Memorandum or any amendment thereto; and
- (e) every person who or company that sells Notes on behalf of the Corporation under this Offering Memorandum or any amendment thereto.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the Corporation, it will have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the Corporation, will be liable for any part of this Offering Memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case will the amount recoverable exceed the price at which Notes were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In addition, no person or company, other than the Corporation, will be liable if the person or company proves that (a) this Offering Memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or (b) with respect to any part of this Offering Memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of such expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Corporation or others may rely on are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in Section 138.1 of the Saskatchewan Act. Section 138.1 provides that, subject to certain limitations, where any advertising or sales literature (as defined in the Saskatchewan Act) disseminated in connection with the Offering contains a misrepresentation, a purchaser who purchases Notes referred to in that advertising or sales literature, is deemed to have relied on that misrepresentation if it was a misrepresentation at the time of purchase and has a right of action against the Corporation, every promoter or director of the Corporation at the time the advertising or sales literature was disseminated, and every person who, or company that, at the time the advertising or sales literature was disseminated, sells the Notes on behalf of the Corporation in the Offering with respect to which the advertising or sales literature was disseminated.

Section 138.2 of the Saskatchewan Act provides that, subject to certain limitations, where an individual makes a verbal statement to a prospective purchaser of Notes that contains a misrepresentation relating to the Notes purchased, and the verbal statement is made either before or contemporaneously with the purchase of the Notes, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

There are various defences available to the persons or companies who may be sued, including that no person or company is liable if the person or company proves that the purchaser purchased the Notes with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Notes resulting from the misrepresentation relied on. The amount recoverable pursuant to these rights will not exceed the price at which the Notes were offered.

The Saskatchewan Act also provides a purchaser who has received an amended Offering Memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the Notes by delivering a notice to the person who or company that is selling the Notes, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two Business Days of receiving the amended Offering Memorandum.

If Notes are sold in contravention of the Saskatchewan Act, the regulations or a decision of the Saskatchewan Financial Services Commission, the purchaser of such Notes has a right to void the purchase agreement and recover all money and other consideration paid for the Notes. Further, a purchaser of Notes who is not sent or delivered a copy of this Offering Memorandum or any amendment thereto prior to entering into an agreement of purchase and sale has a right of action for rescission or damages against the Corporation or, if purchased through a dealer, the dealer who failed to so send or deliver this Offering Memorandum or any amendment thereto.

No action to enforce the foregoing rights may be commenced:

- (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, more than the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) six years after the date of the transaction that gave rise to the cause of action.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

11.5 ***Manitoba***

In accordance with Section 141.1 of the *Securities Act* (Manitoba) (the "**Manitoba Act**"), if this Offering Memorandum contains a misrepresentation (as defined in the Manitoba Act), a purchaser who purchases Notes offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the purchaser has (a) a right of action for damages against (i) the Corporation; (ii) every director of the Corporation; and (iii) every person or company who signed this Offering Memorandum; or (b) a right of rescission against the Corporation.

If the purchaser chooses to exercise a right of rescission against the Corporation, the purchaser has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record that is incorporated by reference in, or that is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

If a misrepresentation is contained in this Offering Memorandum, no person or company is liable:

- (a) if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) other than with respect to the Corporation, if the person or company proves (i) that the Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the person's or company's knowledge and consent;
- (c) other than with respect to the Corporation, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;
- (d) other than with respect to the Corporation, if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the Offering Memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) other than with respect to the Corporation, with respect to any part of the Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

The amount recoverable will not exceed the price at which the Notes were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation.

No action may be commenced to enforce a right (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or (b) in any other case, more than the earlier of (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the day of the transaction that gave rise to the cause of action.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

11.6 *Ontario*

In accordance with Section 130.1 of the *Securities Act* (Ontario) (the "**Ontario Act**"), in the event that this Offering Memorandum or any amendment thereto contains a misrepresentation (as defined in the Ontario Act), the purchaser who purchases Notes offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action against the Corporation for damages, or, while the purchaser is still the owner of the Notes purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Corporation, provided that (a) the Corporation will not be liable if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation; (b) in the case of an action for damages, the Corporation will not be liable

for all or any portion of the damages that it proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon; and (c) in no case will the amount recoverable in any action exceed the price at which the Notes were sold to the purchaser.

The foregoing rights provided in accordance with Section 130.1 of the Ontario Act do not apply to the following Subscribers relying upon the accredited investor exemption in Ontario:

- (a) a Canadian financial institution, meaning either:
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),
- (c) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c) if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

No action will be commenced to enforce these statutory rights more than (a) in an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or (b) in an action for damages, the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

11.7 ***Nova Scotia***

Section 138 of the *Securities Act* (Nova Scotia) (the “**Nova Scotia Act**”) provides that, subject to certain limitations, where this Offering Memorandum, together with any amendment thereto sent or delivered to a purchaser, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation (as defined in the Nova Scotia Act), a purchaser who purchased Notes referred to in it is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation, and subject to certain additional defences, every seller (other than the Corporation) of Notes, every director of the Corporation and persons who have signed this Offering Memorandum.

Alternatively, where the purchaser purchased Notes from the Corporation, the purchaser may elect to exercise a right of rescission against the Corporation. If the purchaser exercises its right of rescission against the Corporation, the purchaser will not have a right of action for damages against the Corporation or against any aforementioned person or company.

The foregoing rights are subject to, among other limitations, the following:

- (a) no action will be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the Notes;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the Notes with knowledge of the misrepresentation;

- (c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Notes as a result of the misrepresentation; and
- (d) the amount recoverable in any action may not exceed the price at which the Notes were offered to the purchaser under this Offering Memorandum or amendment thereto.

In addition no person or company other than the Corporation is liable if the person or company proves that:

- (a) this Offering Memorandum or the amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent; or
- (b) after delivery of this Offering Memorandum or the amendment thereto and before the purchase of the Notes by the purchaser, on becoming aware of any misrepresentation in this Offering Memorandum, or amendment thereto, the person or company withdrew the person's or company's consent to this Offering Memorandum, or amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum or amendment thereto purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (1) there had been a misrepresentation, or (2) the relevant part of this Offering Memorandum or amendment thereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore no person or company other than the Corporation is liable with respect to any part of this Offering Memorandum or amendment thereto not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or amendment thereto, the misrepresentation is deemed to be contained in this Offering Memorandum or amendment thereto.

No action will be commenced to enforce these statutory rights more than (a) in an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or (b) in an action for damages, the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

11.8 *New Brunswick*

Section 150 of the *Securities Act* (New Brunswick) (the "**New Brunswick Act**") provides that, subject to certain limitations, where this Offering Memorandum or any amendment thereto, which is provided to a purchaser of the Notes contains a misrepresentation (as defined in the New Brunswick Act), a purchaser who purchases the Notes will be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and the purchaser has, subject to certain defences, a right of action for damages against the Corporation or may elect to exercise a right of rescission against the Corporation, in which case the purchaser will have no right of action for damages, provided that (a) in an action for damages or rescission, the defendant will not be liable if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation; (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the

Notes as a result of the misrepresentation relied upon; and (c) in no case will the amount recoverable under the right of action described herein exceed the price at which the Notes were offered.

Section 152 of the New Brunswick Act provides that, subject to certain limitations, where a person makes a verbal statement to a purchaser of Notes that contains a misrepresentation relating to the Notes purchased, and the verbal statement is made either before or contemporaneously with the purchase of the Notes, the purchaser will be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and the purchaser has a right of action for damages against the person who made the verbal statement. There are various defences available, including if the person proves the purchaser purchased the Notes with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in the value of the Notes as a result of the misrepresentation relied on. The amount recoverable will not exceed the price at which the Notes were offered.

No action to enforce the foregoing rights may be commenced:

- (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, more than the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) six years after the date of the transaction that gave rise to the cause of action.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

11.9 ***Newfoundland and Labrador***

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if this Offering Memorandum contains a misrepresentation, a purchaser who purchases Notes offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the purchaser has:

- (a) a right of action for damages against:
 - (i) the Corporation;
 - (ii) every director of the Corporation; and
 - (iii) every person or company who signed this Offering Memorandum; and
- (b) a right of rescission against the Corporation.

If the purchaser chooses to exercise a right of rescission against the Corporation, the purchaser has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

When a misrepresentation is contained in this Offering Memorandum, no person or company is liable:

- (a) if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) other than the Corporation, if the person or company proves that (i) this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and (ii) after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Corporation that it was sent without the person's or company's knowledge and consent;
- (c) other than the Corporation, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this

Offering Memorandum and gave reasonable notice to the Corporation of the withdrawal and the reason for it;

- (d) other than the Corporation, if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the offering memorandum:
 - a. did not fairly represent the expert's report, opinion or statement, or
 - b. was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) other than the issuer, with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

The amount recoverable will not exceed the price at which the Notes were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation.

No action will be commenced to enforce these contractual rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, before the earlier of (i) 180 days after the plaintiff first has knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

11.10 ***Prince Edward Island***

Section 112 of the *Securities Act* (Prince Edward Island) (the "**PEI Act**") provides, subject to certain limitations, that if this Offering Memorandum contains a misrepresentation (as defined in the PEI Act), a purchaser who purchases Notes offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (a) the Corporation, (b) every director of the Corporation, and (c) every person who signed this Offering Memorandum.

Alternatively, the purchaser may elect to exercise a right of rescission against the Corporation. If the purchaser exercises its right of rescission against the Corporation, the purchaser will not have a right of action for damages against a person referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

If a misrepresentation is contained in this Offering Memorandum, no person is liable if the person proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

A person, other than the Corporation, is not liable in an action for damages if the person proves that:

- (a) this Offering Memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Corporation that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to this Offering Memorandum and had given reasonable notice to the Corporation of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of this Offering Memorandum
 - a. did not fairly represent the report, opinion or statement of the expert, or
 - b. was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the Corporation, is not liable in an action for damages with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (b) believed there had been a misrepresentation.

The amount recoverable must not exceed the price at which the Notes purchased by the plaintiff were offered. In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Notes resulting from the misrepresentation.

A purchaser of Notes to whom this Offering Memorandum is required to be sent may cancel the contract to purchase the Notes by sending written notice to the Corporation by midnight on the second Business Day after the purchaser signs the agreement to purchase the Notes.

A person who is a purchaser of Notes to whom this Offering Memorandum was required to be sent or delivered under the PEI Act but which was not sent or delivered as required has a right of action for damages or rescission against the Corporation.

No action may be commenced to enforce a right (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or in any other case, more than the earlier of (b) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or (c) three years after the day of the transaction that gave rise to the cause of action.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

ITEM 12– FINANCIAL STATEMENTS

The interim financial statements of the Corporation for the three months ended March 31, 2016 and the audited annual consolidated financial statements of the Corporation and the notes thereto as at December 31, 2015 and 2014, together with the auditors' report thereon are attached hereto as Exhibit "I".

ITEM 13 – DATE AND CERTIFICATE

DATED this 4th day of July, 2016.

This Offering Memorandum does not contain a misrepresentation.

“Frank Kordy”

FRANK KORDY, INTERIM CHIEF EXECUTIVE
OFFICER & DIRECTOR

“Paul Haber”

PAUL HABER, CHIEF EXECUTIVE OFFICER

ON BEHALF OF THE DIRECTORS

“Steve Mlot”

STEVE MLOT

“Dan Collia”

DAN COLLIA

EXHIBIT "T"

Financial Statements



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.

(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)

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.

(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)

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.

- 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.
- 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.

SILVER SHIELD RESOURCES CORP.
(An Exploration Stage Company)
FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

Management's Responsibility for Financial Reporting

The accompanying financial statements of Silver Shield Resources Corp. included in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. When alternative accounting methods exist, management has selected those it deems to be most appropriate in the circumstances.

The significant accounting policies used are described in Note 3 to the financial statements. The financial statements include estimates based on the experience and judgment of management in order to ensure that the financial statements are presented fairly, in all material respects. Financial information presented elsewhere in the annual report is consistent with that in the financial statements.

The management of the Company developed and continues to maintain systems of internal accounting controls and management practices designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors exercises its responsibilities for ensuring that management fulfils its responsibilities for financial reporting and internal control with the assistance of its Audit Committee. The Audit Committee is appointed by the Board and all of its members are Directors of Silver Shield Resources Corp. The Committee meets periodically to review quarterly financial reports and to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee reviews the Company's annual financial statements and recommends their approval to the Board of Directors.

These financial statements have been audited by Ross Pope LLP, Chartered Professional Accountants, the independent auditor, on behalf of the shareholders. Ross Pope LLP, Chartered Professional Accountants, has full and free access to the Audit Committee and may meet with or without the presence of management.

Signed "Frank Kordy"
Frank Kordy –CEO

Signed "Paul Haber"
Paul Haber - CFO



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver Shield Resources Corp.

We have audited the accompanying financial statements of Silver Shield Resources Corp., which comprise the balance sheets as at December 31, 2015 and 2014 and the statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Silver Shield Resources Corp. as at December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our audit opinion, we draw your attention to Note 2(c) of these financial statements, which states that Silver Shield Resources Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters as described in Note 2 (c), indicate the existence of a material uncertainty which may cast doubt about the ability of Silver Shield Resources Corp. to continue as a going concern.

Ross Pope LLP

Kirkland Lake, Ontario
April 25, 2016

ROSS POPE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

SILVER SHIELD RESOURCES CORP.*(An Exploration Stage Company)***BALANCE SHEETS***(Expressed in Canadian Dollars)*

<i>AS AT DECEMBER 31,</i>	<i>2015</i>	<i>2014</i>
ASSETS		
CURRENT		
Cash and cash equivalents (Note 5)	\$ 171,961	\$ -
Accounts receivable (Note 5)	21,618	860
Prepaid expenses and deposits	17,000	-
TOTAL CURRENT ASSETS	210,579	860
MINERAL PROPERTIES (Note 6)		
Mineral claims	125,500	239,500
Deferred exploration costs	828,675	1,965,000
PROPERTY, PLANT AND EQUIPMENT (Note 8)	4,466	5,615
LONG TERM INVESTMENTS (Note 7)	138,000	-
TOTAL ASSETS	\$ 1,307,220	\$ 2,210,975
LIABILITIES		
CURRENT		
Bank overdraft	\$ -	\$ 61
Accounts payable and accrued liabilities	245,649	241,348
Royalties payable (Note 6)	276,026	246,026
Due to related parties (Note 10)	144,791	399,806
Due to Northern Nickel Mining Inc. (Note 10(ii))	-	69,736
BlackBirch Capital loan (Note 11)	-	25,520
TOTAL CURRENT LIABILITIES	666,466	982,497
SHAREHOLDERS' EQUITY (Note 9)		
Share capital	5,992,533	5,245,466
Contributed surplus	1,203,760	1,203,760
Warrant	190,939	-
Deficit	(6,746,478)	(5,220,748)
TOTAL SHAREHOLDERS' EQUITY	640,754	1,228,478
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,307,220	\$ 2,210,975

Description of business (Note 1)

Going Concern (Note 2(c))

APPROVED ON BEHALF OF THE BOARD:Signed _____
"Frank Kordy"
DIRECTORSigned _____
"Stephen Mlot"
DIRECTOR*The accompanying notes are integral part to these financial statements.*

SILVER SHIELD RESOURCES CORP.*(An Exploration Stage Company)***STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS***(Expressed in Canadian Dollars)*

FOR THE YEARS ENDED DECEMBER 31,	2015	2014
EXPENSES		
Consulting and management fees	\$ 112,163	\$ -
Legal and audit fees	41,556	10,000
Marketing and investor relations	29,650	1,125
Transfer agent and filing fees	49,552	2,201
General, office and administrative	28,253	62
Loan interest	16,495	-
Royalty expenses	30,000	54,000
Bank service charges	254	2,314
NET LOSS BEFORE OTHER ITEMS	(307,923)	(69,702)
Gain on settlement of debt	36,029	-
Amortization	(1,149)	(1,476)
Foreign exchange gain	(2,686)	-
Mineral property impairment charge (Note 6)	(1,250,000)	-
	(1,217,806)	(1,063)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ (1,525,729)	(71,178)
Basic and diluted loss per share	\$ (0.15)	\$ (0.001)
Weighted average number of shares outstanding – basic and diluted (Note 8)	10,264,589	8,198,258

The accompanying notes are integral part to these financial statements.

SILVER SHIELD RESOURCES CORP.*(An Exploration Stage Company)***STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY***(Expressed in Canadian Dollars)*

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2013	82,570,349	\$ 5,245,466	\$ 1,203,760	\$ -	\$ (5,149,569)	\$ 1,299,657
Net loss for the period	-	-	-	-	(71,178)	(71,178)
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 financial statements.

SILVER SHIELD RESOURCES CORP.*(An Exploration Stage Company)***STATEMENTS OF CASH FLOWS***(Expressed in Canadian Dollars)*

FOR THE YEARS ENDED DECEMBER 31,	2015	2014
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Loss for the year end	\$ (1,525,729)	\$ (71,178)
Items not involving cash:		
Gain on settlement of debt	-	-
Amortization	1,149	1,476
Mineral property impairment charge	1,250,000	-
Changes in working capital items other than cash:		
Trade and other receivable	(20,758)	1,176
Prepaid expenses and deposits	(17,000)	-
Accounts payable and accrued liabilities	68,251	(10,516)
Royalties payable	30,000	54,000
Due to Northern Nickel	(59,598)	-
Due to / from related parties	(33,354)	-
BlackBirch Loan	(25,520)	-
	(332,559)	(25,042)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from issuing of capital stock and warrants, net of issuance costs	642,256	-
Proceeds from BlackBirch Loan	-	25,520
	642,256	25,520
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of Long-term investment	(138,000)	-
Deferred exploration costs	325	-
	(137,675)	-
CHANGE IN CASH AND CASH EQUIVALENTS	172,022	478
Cash and cash equivalents (Deficiency), beginning of year	(61)	(539)
Cash and cash equivalents (Deficiency), end of year	\$ 171,961	\$ (61)

The accompanying notes are integral part to these financial statements.

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 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. 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 Canadian Securities Exchange under the symbol "SSR".

The Company'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 year ended December 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. 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 accounting policies set out below. 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 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 \$1,525,729 during the year ended December 31, 2015 and, as of that date the Company's deficit was \$6,746,478. 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.

(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.

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

(e) Mexican Subsidiary

The 2014 comparative figures had been characterized as consolidated financial statements as they included the accounts of Silver Shield Resources S.A. de C.V. The Company had 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 were held in trust by certain Directors of the Company and the former President and were beneficially owned by Silver Shield Resources Corp. All material intercompany transactions and balances had been eliminated. The Company has taken a full impairment charge on the Mexican assets and has ceased to operate in Mexico through that subsidiary and as a result, the current years financial statements are not referred to as consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign Currencies

The 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 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 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.

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

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

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.

(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.

(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

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

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

- Long term investments – Fair value through profit or loss
- Accounts payable and accrued liabilities - Other financial liabilities

- Royalties payable - Other financial liabilities

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 income (loss) in the period of change.

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.

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.

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

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

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 Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense.

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.

(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.

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

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

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 IFRSs'. This eliminates the need for the Company to restate de recognition transactions that occurred before the date of transition to IFRSs. 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 not have an effect on the Company's future results and financial position:

IFRS 9 – Financial Instruments

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 IASB has published Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). These narrow-scope amendments to IAS 36, Impairment of Assets, address the disclosure of information about 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 IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. The amendments clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning 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 IASB 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 enforceable right 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 to the financial statements arising from the adoption of this change.

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 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 expenditures are 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.

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars)

5. ACCOUNTS RECEIVABLE

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

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 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.

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

PROPERTY DESCRIPTIONS

(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.

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6. MINERAL PROPERTIES (continued Welsh Silver Mine (a))

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%.

7. 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.

8. PLANT AND EQUIPMENT

		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

		Cost		Accumulated Amortization		Net Book Value
Equipment	\$	18,035	\$	12,494	\$	5,541
Computer equipment		6,225		6,151		74
Balance, December 31, 2014	\$	24,260	\$	18,645	\$	5,615

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9. SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized - Unlimited number of common shares.

The Company's share capital outstanding as at and for the year ended December 31, 2014 and December 31, 2015 are as follows:

	Number of Shares	Amount
Balance, December 31, 2013	80,447,220	\$5,139,309
Common stock issued to extinguish debt	2,123,129	106,157
Balance, December 31, 2014	82,570,349	5,245,466
Share consolidation (i)	(74,313,314)	-
Common stock issued to extinguish debt (ii)	3,328,625	332,862
Common stock issued in Private placement (iii)	5,719,294	610,144
Amount allocated to warrants	-	(190,939)
Share issue costs	-	(5,000)
Balance, December 31, 2015	17,304,954	\$5,992,533

i. On June 3, 2015, the Company completed a one for ten share rollback transaction of its common shares which was approved on its Annual General Meeting at December 27, 2013. After the rollback, the Company had 8,257,035 common shares outstanding.

ii. The Company settled \$332,862 of debt for 3,328,625 by the issue of common shares at a price of \$0.10 per common share.

On September 17th, 2015, the Company issued 828,625 common shares to extinguish related party debts in the amount of \$82,625. On December 8th, 2015, the Company issued 2,500,000 common shares to settle accrued and unpaid debts to companies related to or controlled by officers and directors of the Company.

iii. On July 24th, the Company sold 1,549,600 units of non-brokered private placement announced on June 4th, 2015 with \$154,960 of gross proceeds. No commission or finder's fee was payable with respect to this tranche. 774,800 warrants were issued at \$0.15 per warrant. The warrants have an expiry date of July 24th, 2016.

On September 22nd, 2015, the Company closed the first tranche of 1,966,000 units for gross proceeds of \$196,000. 983,000 warrants were issued with an expiry date of September 22, 2016. No commissions or finders fees is payable with respect to this tranche of the placement.

SILVER SHIELD RESOURCES CORP.

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FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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9. SHAREHOLDERS' EQUITY (continued Share Capital (iii))

On September 24th, the second tranche of non-brokered private placement announced on Sept 22nd, 2015 was closed with 734,000 units sold with gross proceeds of \$73,400. 367,000 warrants were issued. 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 warrants have an expiry date of Sept 24th, 2016.

On October 15th, the third tranche closed with an additional 705,400 units sold for gross proceeds of \$70,540. 352,700 warrants were issued. 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 warrants have an expiry date of Oct 15, 2016. The Company raised \$340,540 in aggregate on the private placement announced on Sept 22nd, 2015.

On December 8th, 2015, the Company initiated a funding process to raise a maximum of \$1,000,000 at a price of \$0.15 per common share unit with one-half of one common share purchase warrant at \$0.25 for a period of 36 months from the closing date. Details of the financing was press-released December 8, 2015.

On December 22, 2015, the first tranche of the non-brokered private placement agreement announced on December 8, 2015 closed with 764,294 units sold with gross proceeds of \$114,644. 382,147 warrants were issued. No commission or finder's fee was payable with respect to this tranche. The warrants have an expiry date of December 21, 2019.

As at and for the year ended December 31, 2015, the Company completed private placements of 5,719,294 shares of common stock to certain accredited investors and the investors received an aggregate 2,859,647 warrants to purchase additional shares of common stock as described below.

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 December 31, 2015 and 2014, the following broker 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

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.

- 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.
- 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.

SILVER SHIELD RESOURCES CORP.*(An Exploration Stage Company)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014****(Expressed in Canadian Dollars)****9. SHAREHOLDERS' EQUITY (continued (WARRANTS))**

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 December 31, 2015, the following broker warrants were outstanding:

Number of Warrant Shares		Fair Value Warrants		Weighted Average Exercise Price	Expiry Date
774,800	\$	43,372	\$	0.041	July 24, 2016.
983,000	\$	55,027	\$	0.052	September 22, 2016.
367,000	\$	20,544	\$	0.019	September 24, 2016.
352,700	\$	19,744	\$	0.019	October 15, 2016.
382,147	\$	52,252	\$	0.033	December 21, 2019.
2,859,647	\$	190,939	\$	0.163	

STOCK OPTIONS

The Company's outstanding stock options as at and for the year ended December 31, 2015 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, December 31, 2015	-	\$	-	\$	-

All outstanding options expired at expiration date August 23, 2015. There are not any stock options issued and outstanding as at December 31, 2015.

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 year ended December 31, 2015 and December 31, 2014 was \$NIL. The fair value of these options calculated using Black Scholes model with the following assumptions: 60 month expected life; 150% expected volatility; risk-free interest rate of 1.45%; and a dividend yield of Nil%.

CONTRIBUTED SURPLUS AND RESERVES

On August 23, 2015, the Company's options reserve in aggregated amount of \$162,400 has been allocated to contributed surplus totalling \$1,203,760. 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.

SILVER SHIELD RESOURCES CORP.

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9. SHAREHOLDERS' EQUITY (continued (WARRANTS))

BASIC AND DILUTED LOSS PER SHARE

Dilutive stock warrants have been determined using the Company's average share price for year ended December 31, 2015. All warrants are excluded from the dilutive calculation as they would have been anti-dilutive due to the loss for the period.

10. 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. On September 17, 2015, companies related to or controlled by officers and directors of the Company were paid \$31,736 by BlackBirch Capital of Toronto, the amount owing under terms of the debt settlement agreements with the Company, and received an aggregate 3,173,600 of post common shares issued at \$.10 per share in exchange to the agreement. An aggregate \$317,347 of accounts payable and accrued liabilities with respect to consulting and management fees was settled and no further payments are required with respect to the agreement.
- ii. On September 17, 2015, Northern Nickel Mining Inc. related to or controlled by directors of the Company were paid \$1,127 by BlackBirch Capital of Toronto, the amount owing under terms of the debt settlement agreements with the Company, and received an aggregate 112,650 of post common shares issued at \$.10 per share in exchange to the agreement. Total \$11,265 of accrued liabilities with respect to corporate expenditures paid by Northern Nickel Mining Inc. on behalf of the Company was settled and no further payments are required with respect to the agreement.
- iii. As at December 31st, 2015, the Company accrued \$13,174 in fees and expenses which are due and payable to directors or officers. An aggregate \$7,800 was subsequently reimbursed by the Company.
- iv. Prepaid expenses and deposits include \$1,303 due from the former CEO with respect to the reorganization process and will be expensed given expense receipts are provided.

11. BLACKBIRCH CAPITAL LOAN

On November 17, 2014 the Company entered into a loan agreement with BlackBirch 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. After the trading ban was lifted the Company has issued 50,000 common share purchase warrants. Each warrant will allow the holder to acquire one common share at a price of \$.10 per common share. The warrants will expire 24 months from the date of issuance.

On September 17th, 2015, the Company issued common shares at a price of \$0.10 per share to BlackBirch Capital Inc. to settle BlackBirch Capital loan.

SILVER SHIELD RESOURCES CORP.*(An Exploration Stage Company)***NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014****(Expressed in Canadian Dollars)****12. 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 26.5% (2014 - 26.5%) with the reported taxes was as follows:

	2015	2014
Loss before income taxes	\$ (1,525,725)	\$ (71,178)
Expected income tax recovery	(404,317)	(18,720)
Share issue costs	(4,568)	(3,148)
Mineral property impairment charge	331,250	
Benefit of tax assets not previously recognized	77,635	21,868
Portion for current income taxes	\$ -	\$ -

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

	2015	2014
Temporary differences	\$ (83,000)	\$ (394,000)
Operating losses carried forward	628,000	670,000
Unrecognized deferred tax assets	\$ 545,000	\$ 276,000

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.

13. 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:

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)

December 31, 2014	Canada	Mexico	Total
Mineral interest	\$ 2,204,500	\$ -	\$ 2,204,500
Total assets	\$ 2,210,975	\$ -	\$ 2,210,975
Loss for the year	\$ (46,879)	\$ (24,299)	\$ (71,178)

SILVER SHIELD RESOURCES CORP.

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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.

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 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 December 31, 2015 the Company's current liabilities totaled \$666,466, and cash and equivalents totaled \$171,961. 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.

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16. SUBSEQUENT EVENTS

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 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.

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.

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.

On April 12, 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 20, 2016.

On April 19, 2016 the Corporation 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 April 19, 2016 The Corporation was 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" company to a "Merchant Bank" and its proposed name change from "Silver Shield Resources Corp." to "Gunpowder Capital Corp".

EXHIBIT “II”

Subscription Agreement

GUNPOWDER CAPITAL CORP.
SUBSCRIPTION AGREEMENT FOR NOTES (CANADIAN SUBSCRIBERS)

A completed and executed copy of this Subscription Agreement, including all applicable Schedules hereto, must be delivered in hard copy or electronically, by no later than 5 p.m. (Toronto time) on July 26, 2016 to: Gunpowder Capital Corp., 47 Colborne Street, Suite 307, Toronto, Ontario M5E 1P8, Attention: Frank Kordy and/or Paul Haber or at frank.kordy@gunpowdercapitalcorp.com and/or paul.haber@gunpowdercapitalcorp.com.

TO: GUNPOWDER CAPITAL CORP.
RE: PRIVATE PLACEMENT OF NOTES

The undersigned (the “**Subscriber**”) hereby irrevocably subscribes for and agrees to purchase from the Corporation, on the terms and conditions herein (the “**Subscription Agreement**”), that number of Notes (a “**Note**” or “**Notes**”) of the Corporation, set out below, at the subscription price of \$500 per Note (the “**Aggregate Subscription Price**”). Each Note shall consist of \$500 principal amount convertible unsecured note. Each Note will have a term of 36 months and shall bear interest at a rate of 8% per annum and will be convertible into Class A Preferred Shares (the “**Converted Share**” or “**Converted Shares**”) at the option of the Subscriber in accordance with the terms and conditions set out herein and in the Note. A term sheet with respect to the Private Placement is attached as Schedule “A”. The Subscriber agrees to be bound by the terms and conditions set forth in the attached “Terms and Conditions of Subscription for Notes” including without limitation the representations, warranties and covenants set forth in the applicable Schedules attached thereto. This subscription is subject to acceptance by the Corporation and may be accepted as to the number of Notes set out below or such lesser number as may be determined by the Corporation in its discretion.

SUBSCRIPTION AND SUBSCRIBER INFORMATION

(Name of Subscriber and Account Reference (if applicable))
By: _____
Authorized Signature

(Official Capacity or Title – please print)

Please print name of individual whose signature appears above if different than the name of the subscriber printed above.

(Subscriber’s Address (Municipality, Province and Postal Code))

(Telephone Number)

(E-mail Address)

Number of Notes (minimum 5): _____
Aggregate Subscription Price: Cdn\$ _____

Registrant Status: The Subscriber is:
____ registered under the <i>Securities Act</i> (British Columbia); or
____ not registered under the <i>Securities Act</i> (British Columbia).

If the person signing this Subscription Agreement is signing as agent for one or more beneficial purchasers and is not a trust company or a trust corporation acting on behalf of a fully managed account managed by it or a person acting on behalf of a fully managed account managed by it, you must complete the following and ensure that the attached Schedules are completed on behalf of each beneficial purchaser.

(Name of Principal and Account Reference (if applicable))

(Principal’s address)

(Telephone Number) (E-mail Address)

Account Registration Information:

(Account Registration)

(Address)

Delivery Instructions as set forth below:

(Name)

(Address)

(Telephone Number)

ACCEPTANCE:

The Corporation hereby accepts the subscription for Notes as set forth on the face page of this Subscription Agreement on the terms and conditions contained in this Subscription Agreement (including all applicable Schedules) this ____ day of _____, 2016.

GUNPOWDER CAPITAL CORP.

Per: _____
"Authorized Signing Officer"

SUBSCRIBER GUIDE TO COMPLETING THE SCHEDULES									
	Sch. "B" Particulars of Subscriber	Sch. "C" Accredited Investor Cert.	Sch. "D" Risk Ack. Form	Sch. "E" Accredited Investor Questionnaire	Sch. "F" Classification of Investors under the OM Exemption	Sch. "G" Investment Limits under the OM Exemption	Sch. "H" OM Risk Ack. Form	Sch. "I" Eligible Investor Cert.	Section Reference in Sub Agreement
Minimum Amount (\$150K) in any province	X								6.1(c)(i)
Individual Accredited Investor in any province relying on categories (k), (m) or (n)	X	X	X	X					6.1(c)(ii)
Accredited Investor in any province relying on categories other than (k), (m) or (n)	X	X							6.1(c)(ii)
Individuals relying on the OM Exemption in Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan	X				X	X	X		6.1(c)(iii)
Non-individual relying on the OM Exemption in Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan	X						X		6.1(c)(iii)
OM Exemption in British Columbia or Newfoundland and Labrador	X						X		6.1(c)(iv)
OM Exemption in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon	X						X	X	6.1(c)(v)

TERMS AND CONDITIONS OF SUBSCRIPTION FOR NOTES

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Subscription Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows:

“**Accredited Investor**” means an “accredited investor” within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions* and, in Ontario, as defined in Section 73.3 of the Securities Act (Ontario) as supplemented by the definition in National Instrument 45-106 – *Prospectus and Registration Exemptions*.

“**Aggregate Subscription Price**” shall have the meaning ascribed to such term on the face page of this Subscription Agreement.

“**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto, Canada are not open for business.

“**Closing**” shall have the meaning ascribed to such term in Section 4.1.

“**Closing Date**” shall have the meaning ascribed to such term in Section 4.1.

“**Closing Time**” shall have the meaning ascribed to such term in Section 4.1.

“**Common Share**” or “**Common Shares**” means the voting common shares in the capital of the Corporation, as constituted on the date hereof.

“**Control Person**” means a person, company or combination of persons or companies described in clause (l) of the definition of “control person” in section 1 of the *Securities Act* (Ontario).

“**Converted Share**” or “**Converted Shares**” shall have the meaning ascribed to such term on the face page of this Subscription Agreement.

“**Corporation**” means Gunpowder Capital Corp. and includes any successor corporation to or of the Corporation.

“**CSE**” means the Canadian Stock Exchange.

“**NI 45-106**” means National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators promulgated under the securities legislation of each of the provinces of Canada.

“**Note**” or “**Notes**” shall have the meaning ascribed to such term on the face page of this Subscription Agreement.

“**Offering Memorandum**” means the offering memorandum of the Corporation dated July 4, 2016.

“**person**” includes (a) an individual, (b) a corporation, (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.

“**Prepayment Option**” shall have the meaning ascribed to such term in Schedule “A”, attached hereto.

“**Private Placement**” means the offering of Notes pursuant to this Subscription Agreement.

“**Public Record**” means the information filed under the Corporation’s profile on SEDAR at www.sedar.com since January 11, 2007.

“**Schedules**” means the schedules attached hereto and forming an integral part hereof.

“**Securities Laws**” means, as applicable, the securities laws, regulations, rules, rulings and orders in each of the provinces and territories of Canada, and the applicable policy statements issued by the securities regulators in each of the provinces and territories of Canada, having application over this Private Placement and the Corporation including those laws in the jurisdiction in which the Subscriber is ordinarily resident, and the policies of the CSE.

“**Subscriber**” means the subscriber for the Notes as set out on the face page of this Subscription Agreement and includes, as applicable, such person(s) on whose behalf the Subscriber is contracting hereunder.

“**Subscription Agreement**” means this subscription agreement (including any Schedules hereto) and any instrument amending this Subscription Agreement; “**hereof**”, “**hereto**”, “**hereunder**”, “**herein**” and similar expressions mean and refer to this Subscription Agreement and not to a particular Article or Section; and the expression “**Article**” or “**Section**” followed by a number means and refers to the specified Article or Section of this Subscription Agreement.

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**U.S. Person**” shall have the meaning ascribed to such term in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

1.2 Gender and Number

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations and vice versa.

1.3 Currency

Unless otherwise specified, all dollar amounts in this Subscription Agreement, including the symbol “\$”, are expressed in Canadian dollars.

1.4 Subdivisions and Headings

The division of this Subscription Agreement into articles, sections, Schedules and other subdivisions, and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Subscription Agreement. The headings in this Subscription Agreement are not intended to be full or precise descriptions of the text to which they refer. Unless something in the subject matter or context is inconsistent therewith, references herein to an article, section, subsection, paragraph, clause or Schedule are to the applicable article, section, subsection, paragraph, clause or Schedule of this Subscription Agreement.

ARTICLE 2 SCHEDULES

2.1 Description of Schedules

The following are the Schedules attached to and incorporated in this Subscription Agreement by reference and deemed to be an integral part hereof:

Schedule “A”	-	Term Sheet
Schedule “B”	-	Particulars of Subscriber
Schedule “C”	-	Certificate of an Accredited Investor
Schedule “D”	-	Form 45-106F9 <i>Individual Accredited Investor Risk Acknowledgement</i>
Schedule “E”	-	Accredited Investor Questionnaire
Schedule “F”	-	Classification of Investors Under the Offering Memorandum Exemption Form
Schedule “G”	-	Investment Limits for Investors Under the Offering Memorandum Exemption Form
Schedule “H”	-	Form 45-106F4 <i>Offering Memorandum Risk Acknowledgement</i>

ARTICLE 3
SUBSCRIPTION FOR NOTES

3.1 Subscription for Notes

The Subscriber hereby confirms its irrevocable subscription for and offer to purchase the Notes from the Corporation, on and subject to the terms and conditions set out in this Subscription Agreement, for the Aggregate Subscription Price which is payable as described in Section 3.5 and Article 4 hereof and that she/he/it has subscribed for a minimum of \$2,500 worth of Notes.

3.2 Description of the Notes

Each Note consists of one \$500 principal amount Note. The attributes of certain terms of the Notes are described and outlined in the term sheet, attached hereto as Schedule "A". Each Note will have a term of 36 months and shall bear interest at a rate of 8% per annum and will be convertible into Converted Shares at the option of the Subscriber in accordance with the terms and conditions set out herein and in the Note.

3.3 Acceptance and Rejection of Subscription by the Corporation

The Subscriber acknowledges (on its own behalf, and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) and agrees that the Corporation reserves the right, in its absolute discretion, to reject this subscription for Notes, in whole or in part, at any time prior to the Closing Time. If this subscription is rejected in whole, or the conditions of purchase set out herein are not fulfilled or waived, any cheques or other forms of payment delivered to the Corporation representing the Aggregate Subscription Price will be promptly returned to the Subscriber without interest or deduction. If this subscription is accepted only in part, a cheque representing any refund of the Aggregate Subscription Price for that portion of the subscription for Notes which is not accepted, will be promptly delivered to the Subscriber without interest or deduction. The Subscriber acknowledges that the Notes subscribed for by it hereunder form part of a larger issuance and sale by the Corporation of up to approximately \$10,000,000 of Notes at a subscription price of \$500 per Note to be issued in one or more tranches. **The Subscriber understands that the Private Placement is not subject to any minimum amount of gross proceeds and therefore any funds invested are available to and will be paid to the Corporation on the Closing Date and need not be refunded to the Subscriber.**

3.5 Delivery and Payment

The Subscriber agrees that the following shall be delivered to the Corporation, at the address and by the date and time set out on the face page hereof, or such other time, date or place as the Corporation may advise:

- (a) a completed and duly signed copy of this Subscription Agreement;
- (b) a completed and duly signed copy of the Particulars of Subscriber in the form attached hereto as Schedule "B";
- (c) unless the Subscriber or beneficial purchaser for whom the Subscriber is acting as trustee or agent, if any, is relying on the representation in subsection 6.1(c)(i) hereof, the Subscriber or beneficial purchaser for whom the Subscriber is acting as trustee or agent, if any, having properly completed, signed and delivered on or before two Business Days prior to the Closing Date,
 - i. Schedule "C" and if required, Schedule "D" and/or Schedule "E", if the Subscriber is relying on the representation in subsection 6.1(c)(ii); OR
 - ii. Schedule "F", Schedule "G" and Schedule "H", if the Subscriber is an individual and is relying on the representation in subsection 6.1(c)(iii); OR
 - iii. Schedule "H", if the Subscriber is relying on the representation in subsection 6.1(c)(iii) and the Subscriber is not an individual, or if the Subscriber is relying on the representation in subsection 6.1(c)(iv); OR

- iv. Schedule “H” and Schedule “I”, if the Subscriber is relying on the representation in subsection 6.1(c)(v),

all of which are attached hereto, to the Corporation;

- (d) a certified cheque or bank draft made payable on or before the Closing Date (or such other date as the Corporation may advise) in same day freely transferable Canadian funds at par in Toronto, Ontario to “Gunpowder Capital Corp.” representing the Aggregate Subscription Price payable by the Subscriber for the Notes subscribed for hereunder, or such other method of payment of the same amount against delivery of the Notes subscribed for hereunder as the Corporation may accept; and
- (e) any other documents required by the Securities Laws (or the policies of the CSE) which the Corporation requests.

The Subscriber, and each beneficial purchaser, if any, for whom the Subscriber is acting as trustee or agent, acknowledges and agrees that such documents, when executed and delivered by the Subscriber, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Subscriber hereunder in favour of the Corporation. The Subscriber and each such beneficial purchaser consents to the filing of such documents as may be required to be filed with the applicable securities commission or other securities regulatory authority in each of the provinces of Canada, to the extent that any Subscribers are resident therein and/or the CSE in connection with the transactions contemplated hereby.

ARTICLE 4 CLOSING

4.1 Closing

Delivery and sale of the Notes and payment of the Aggregate Subscription Price will be completed (the “**Closing**”) at the offices of the Corporation, 47 Colborne Street, Suite 307, Toronto, Ontario, M5E 1P8, at 9:00 a.m. (EST) (the “**Closing Time**”) on July 29, 2016 (the “**Closing Date**”) or such other place, time or date as the Corporation determines.

If, prior to the Closing Time, the terms and conditions contained in this Subscription Agreement (other than delivery by the Corporation to the Subscriber of certificates representing the Notes) have not been complied with to the satisfaction of the Corporation, or waived by it, the Corporation and the Subscriber will have no further obligations under this Subscription Agreement.

4.2 Conditions of Closing

The Subscriber on its own behalf and, if applicable, on behalf of others for whom it is acting hereunder, acknowledges and agrees that the obligations of the Corporation hereunder are conditional on the accuracy of the representations and warranties of the Subscriber contained in this Subscription Agreement as of the date of this Subscription Agreement, and as of the Closing Time as if made at and as of the Closing Time, and the fulfillment of the following additional conditions as soon as possible and in any event not later than the Closing Time:

- (a) the Corporation having accepted this Subscription Agreement;
- (b) payment by the Subscriber of the Aggregate Subscription Price by certified cheque, bank draft or wire transfer in Canadian dollars payable to the Corporation, or otherwise as the Corporation may direct;
- (c) the Subscriber having properly completed, signed and delivered on or before two (2) Business Days prior to the Closing Date, this Subscription Agreement to the Corporation;
- (d) the Subscriber having properly completed, signed and delivered on or before two (2) Business Days prior to the Closing Date, Schedule “B” and any other Schedules required pursuant to section 3.5(c) above, attached hereto, to the Corporation;

- (e) the Corporation having obtained all necessary approvals, consents and regulatory approvals;
- (f) the issue and sale of the Notes being exempt from the prospectus and registration requirements under applicable Securities Laws; and
- (g) the Subscriber delivering to the Corporation such other documents required by the Securities Laws which the Corporation requests.

**ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION**

5.1 Representations and Warranties of the Corporation

The Corporation represents and warrants to the Subscriber that

- (a) the Corporation any subsidiaries are valid and subsisting corporations duly incorporated and in good standing under the laws of the jurisdictions in which they are incorporated, continued or amalgamated;
- (b) the Corporation has full corporate rights, power and authority to execute and deliver this Subscription Agreement and to issue the Notes to the Subscriber;
- (c) the Corporation has complied, or will comply, with all applicable corporate and securities laws and regulations in connection with the offer, sale and issuance of the Notes and underlying securities;
- (d) the issuance and sale of the Notes by the Corporation does not and will not conflict with and does not and will not result in a breach of any of the terms, conditions or provisions of its constituting documents or any agreement or instrument to which the Corporation is a party;
- (e) the Converted Shares underlying the Notes will, at all time of issue, be duly allotted, validly issued, fully paid and non-assessable and will be free of all liens, charges and encumbrances and the Corporation will reserve sufficient shares in the treasury of the Corporation to enable it to issue the Converted Shares;
- (f) this Subscription Agreement when accepted has been duly authorized by all necessary corporate action on the part of the Corporation and, subject to acceptance by the Corporation, constitutes a valid obligation of the Corporation legally binding upon it and enforceable in accordance with its terms;
- (g) neither the Corporation nor any of its subsidiaries is a party to any actions, suits or proceedings which could materially affect its business or financial condition, and to the best of the Corporation's knowledge no such actions, suits or proceedings have been threatened as at the date hereof, except as disclosed in the Public Record; and
- (h) no order ceasing or suspending trading in the securities of the Corporation nor prohibiting sale of such securities has been issued to the Corporation or its directors, officers or promoters and to the best of the Corporation's knowledge no investigations or proceedings for such purposes are pending or threatened.

**ARTICLE 6
ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS
AND WARRANTIES OF THE SUBSCRIBER**

6.1 Representations, Warranties and Covenants of the Subscriber

The Subscriber (on its own behalf and, if applicable, on behalf of others for whom it is acting hereunder) hereby represents and warrants to and covenants with the Corporation as follows, and acknowledges that the Corporation and its counsel are relying thereon, both at the date hereof and at the Closing Time (as herein defined):

- (a) The Subscriber and any beneficial purchaser for whom it is acting has knowledge in financial and business affairs, is capable of evaluating the merits and risks of an investment in the Notes and is able to bear the economic risk of such investment even if the entire investment is lost.
- (b) The Subscriber and each beneficial purchaser for whom it is acting is a resident, or if not an individual has its head office, in the jurisdiction set out on the face page of this Subscription Agreement. Such address was not created and is not used solely for the purpose of acquiring the Notes and the Subscriber and any beneficial purchaser was solicited to purchase Notes in such jurisdiction.
- (c) The Subscriber and each beneficial purchaser for whom it is acting is:
- (i) **Minimum Amount Investment (Subscribers resident in a province or territory of Canada)** - not an individual and is subscribing for Notes with an acquisition cost to the Subscriber of not less than \$150,000 paid in cash at the Closing Time; OR
 - (ii) **Accredited Investor (Subscribers resident in any province of Canada)** - a resident in any jurisdiction in Canada and is an Accredited Investor (and will be at the Closing Time), it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada, it was not created or used solely to purchase or hold securities as an Accredited Investor described in paragraph (m) of the definition of “accredited investor” in NI 45-106 and it has concurrently executed and delivered Schedule “C”, attached hereto, to the Corporation, indicating that the Subscriber satisfies one of the categories of Accredited Investor set forth in Schedule “C”; in addition, if the Subscriber is an individual relying on categories (k), (m) or (n) of Schedule “C”, the Subscriber must also complete, execute and deliver Schedule “D”; Subscribers required to complete the Accredited Investor Questionnaire may be required to provide additional evidence at the request of the Corporation to substantiate information provided in Schedule “C” and Schedule “E”; OR
 - (iii) **Offering Memorandum (Subscribers resident in Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan)** - a resident in one of Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan, the Subscriber acknowledges having received a copy of the Offering Memorandum at the same time or before the Subscriber executed this Subscription Agreement, including the Schedules attached hereto, and:
 - (A) if the Subscriber is NOT an individual, the Subscriber has concurrently executed and delivered Schedule “H”, attached hereto, to the Corporation; and
 - (B) if the Subscriber is an individual, the Subscriber has concurrently executed and delivered Schedule “F”, Schedule “G” and Schedule “H”, each attached hereto, to the Corporation, and the Subscriber is either:
 - (I) an Eligible Investor, received advice from a portfolio manager, investment dealer or exempt market dealer that the investment in the Notes is suitable by the Subscriber and the acquisition cost of all securities acquired pursuant to the offering memorandum exemption under section 2.9(2.1) of NI 45-106 in the previous twelve (12) months does not exceed \$100,000; or
 - (II) an Eligible Investor and the acquisition cost of all securities acquired by the Subscriber pursuant to the offering memorandum exemption under section 2.9(2.1) of NI 45-106 in the previous twelve (12) months does not exceed \$30,000; or
 - (III) is not an Eligible Investor and the acquisition cost of all securities acquired by the Subscriber pursuant to the offering memorandum

exemption under section 2.9(2.1) of NI 45-106 in the previous twelve (12) months does not exceed \$10,000; OR

- (iv) **Offering Memorandum (Subscribers resident in British Columbia and Newfoundland and Labrador)** - a resident in one of British Columbia or Newfoundland and Labrador, and acknowledges having received a copy of the Offering Memorandum at the same time or before the Subscriber executed this Subscription Agreement, including the Schedules attached hereto, and the Subscriber has concurrently executed and delivered Schedule “H”, attached hereto, to the Corporation; OR
- (v) **Offering Memorandum (Subscribers resident in Manitoba and Prince Edward Island)** - a resident in one of Manitoba or Prince Edward Island, and it is either an Eligible Investor or is subscribing for less than \$10,000 of Notes, and acknowledges having received a copy of the Offering Memorandum at the same time or before it executed this Subscription Agreement, including the Schedules attached hereto, it has concurrently executed and delivered Schedule “H” and Schedule “I”, each attached hereto, to the Corporation.
- (d) The information, representations, warranties and covenants contained in the applicable Schedules will be true and correct both as of the date of execution of this Subscription Agreement and as of the Closing Time.
- (e) The Subscriber or any person for whom it is acting is neither a U.S. Person nor subscribing for the Notes for the account of a U.S. Person or for resale in the United States.
- (f) Neither the Subscriber nor any person for whom it is acting will offer, sell or otherwise dispose of the Notes in the United States or to a U.S. Person unless the Corporation has consented to such offer, sale or disposition and such offer, sale or distribution is made in accordance with an exemption from the registration requirements under the U.S. Securities Act and the securities laws of all applicable states of the United States or the U.S. Securities and Exchange Commission has declared effective a registration statement in respect of such securities.
- (g) The Subscriber confirms that the Notes have not been offered to the Subscriber or any beneficial purchaser for whom it is acting in the United States and that this Subscription Agreement has not been signed in the United States.
- (h) The execution and delivery of this Subscription Agreement, the performance and compliance with the terms hereof, the subscription for the Notes and the completion of the transactions described herein by the Subscriber, or any beneficial purchaser for whom it is acting, will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions (if applicable) of the Subscriber, or any beneficial purchaser for whom it is acting, the Securities Laws or any other laws applicable to the Subscriber, or any beneficial purchaser for whom it is acting, any agreement to which the Subscriber, or any beneficial purchaser for whom it is acting, is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Subscriber or any beneficial purchaser for whom it is acting.
- (i) The Subscriber is subscribing for the Notes as principal for its own account and not for the benefit of any other person (within the meaning of applicable Securities Laws) or if it is not subscribing as principal, it is either a person or company described in subsection 6.1(m) hereof or it has disclosed the name of the principal on the face page of this Subscription Agreement and acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser for whom the Subscriber is acting.
- (j) In the case of a subscription for the Notes by the Subscriber acting as trustee or agent (including, for greater certainty, a portfolio manager or comparable adviser) for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of each such beneficial purchaser,

each of whom is subscribing as principal for its own account, not for the benefit of any other person and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of and constitutes a legal, valid and binding agreement of, such principal, and the Subscriber acknowledges that the Corporation may be required by law to disclose the identity of each beneficial purchaser for whom the Subscriber is acting.

- (k) In the case of a subscription for the Notes by the Subscriber acting as principal, this Subscription Agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding agreement of, the Subscriber and any beneficial purchasers on whose behalf the Subscriber is acting. This Subscription Agreement is enforceable in accordance with its terms against the Subscriber and any beneficial purchasers on whose behalf the Subscriber is acting.
- (l) If the Subscriber is:
 - (i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to execute and deliver this Subscription Agreement, to subscribe for the Notes as contemplated herein and to carry out and perform its obligations under the terms of this Subscription Agreement;
 - (ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof; or
 - (iii) an individual, he or she is of the full age of majority, a resident of Canada and is legally competent to execute this Subscription Agreement and to observe and perform his or her covenants and obligations hereunder.
- (m) Except as contemplated in Article 8 herein and except for any finder's fee agreements, there is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee.
- (n) The Subscriber is not, with respect to the Corporation or any of its affiliates, a Control Person.
- (o) If required by applicable Securities Laws or the Corporation, the Subscriber will execute, deliver and file or assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the securities underlying the Notes as may be required by any securities commission, stock exchange or other regulatory authority.
- (p) The Subscriber, and each beneficial purchaser for whom it is contracting hereunder, have been advised to consult their own legal advisors with respect to trading in the securities underlying the Notes and with respect to the resale restrictions imposed by the Securities Laws of the jurisdiction in which the Subscriber resides and other applicable securities laws, and acknowledges that no representation has been made respecting the applicable hold periods imposed by the Securities Laws or other resale restrictions applicable to such securities which restrict the ability of the Subscriber (or others for whom it is contracting hereunder) to resell such securities, that the Subscriber (or others for whom it is contracting hereunder) is solely responsible to find out what these restrictions are and the Subscriber is solely responsible (and the Corporation is in no way responsible) for compliance with applicable resale restrictions and the Subscriber is aware that it (or beneficial purchasers for whom it is contracting hereunder) may not be able to resell such securities except in accordance with limited exemptions under the Securities Laws and other applicable securities laws.
- (q) Other than the Offering Memorandum, the Subscriber has not received or been provided with a prospectus or offering memorandum, within the meaning of the Securities Laws, or any sales or advertising literature in connection with the Private Placement and the Subscriber's decision to subscribe for the Notes was not based upon, and the Subscriber has not relied upon, any oral or written representations as to facts made by or on behalf of the Corporation. The Subscriber's

decision to subscribe for the Notes was based solely upon information about the Corporation which is publicly available on www.sedar.com and the term sheet attached hereto as Schedule "A".

- (r) The Subscriber is not purchasing Notes with knowledge of material information concerning the Corporation which has not been generally disclosed.
- (s) No person has made any written or oral representations:
 - (i) that any person will resell or repurchase the securities underlying the Notes;
 - (ii) that any person will refund the Aggregate Subscription Price; or
 - (iii) as to the future price or value of the securities underlying the Notes.
- (t) The Subscriber has not purchased the Notes as a result of any form of general solicitation or general advertising, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio, internet, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (u) None of the funds the Subscriber is using to purchase the Notes represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA"), and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and its subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of its knowledge (i) none of the subscription funds to be provided by the Subscriber and/or any beneficial purchaser for whom the Subscriber is acting on behalf of (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to it, and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith.
- (v) None of the funds being used to purchase Notes are, to the Subscriber's knowledge, proceeds obtained or derived directly or indirectly as a result of illegal activities.

6.2 Acknowledgements of the Subscriber

The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is acting hereunder, acknowledges and agrees as follows:

- (a) The Subscriber has received, reviewed and read a copy of the Offering Memorandum in its entirety, including under "Item 12 – Purchaser's Rights of Action for Damages or Rescission".
- (b) No securities commission, agency, governmental authority, regulatory body, stock exchange or other regulatory body has reviewed or passed on the merits of the Notes or Converted Shares.
- (c) The Notes shall be, and the Converted Shares may be, subject to statutory resale restrictions under the Securities Laws of the jurisdiction in which the Subscriber resides and under other applicable securities laws, and the Subscriber covenants that it will not resell the Notes or Converted Shares except in compliance with such laws and the Subscriber acknowledges that it is solely responsible (and the Corporation is not in any way responsible) for such compliance.
- (d) The Subscriber's ability to transfer the Notes and Converted Shares is limited by, among other things, applicable Securities Laws.
- (e) The certificates representing the Notes will bear, as of the Closing Date, a legend substantially in the following form and with the necessary information inserted:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE <INSERT THE DATE THAT IS FOUR (4) MONTHS AND ONE (1) DAY AFTER THE CLOSING DATE>.”

- (f) In the event that holders of Notes convert the Notes prior to the expiry of the hold periods applicable to the Notes, the Converted Shares will bear legends substantially in the form of the legends set forth in subsection 6.2(e) above, and with the necessary information inserted.
- (g) The Subscriber, and each beneficial purchaser for whom it is contracting hereunder, shall execute, deliver, file and otherwise assist the Corporation with filing all documentation required by the applicable Securities Laws to permit the subscription for and issuance of the Notes.
- (h) The Corporation is relying on the representations, warranties and covenants contained herein and in the applicable Schedules attached hereto to determine the Subscriber’s eligibility to subscribe for the Notes under applicable Securities Laws.
- (i) The Corporation is relying on an exemption from the requirement to provide the Subscriber with a prospectus under the Securities Laws and, as a consequence of acquiring the Notes under the Private Placement pursuant to such exemption, Subscribers have significantly fewer rights and remedies available to them than investors who acquire securities offered by a prospectus and certain protections, rights and remedies provided by the Securities Laws. The Subscriber is also aware that the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in the Private Placement.
- (j) The Notes and Converted Shares have not been and will not be registered under the U.S. Securities Act and may not be exchanged, offered or sold in the United States or to U.S. Persons unless registered under such act or an exemption from the registration requirements of such act is available.
- (k) The Subscriber, and each beneficial purchaser for whom it is contracting hereunder, is responsible for obtaining such legal and tax advice as it considers appropriate in connection with the execution, delivery and performance of this Subscription Agreement and the transactions contemplated under this Subscription Agreement. The Subscriber, and each beneficial purchaser, is not relying on the Corporation or its affiliates or counsel in this regard.
- (l) There is no insurance covering the Notes or Converted Shares.
- (m) There are risks associated with the purchase of the Notes and the Subscriber and any beneficial purchaser for whom it is acting may lose his, her or its entire investment.
- (n) The Subscriber has had an opportunity to seek the advice of independent counsel or such other advisors as the Subscriber requires in order to evaluate the investment in the Corporation and to fully understand the rights of the Subscriber.
- (o) The Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund its ongoing development; that there is no assurance that such financings will be available and, if available, on reasonable terms; any such future financings may have a dilutive effect on current securityholders, including the Subscriber; and that if such future financings are not available, the Corporation may be unable to fund its ongoing development.
- (p) The Notes are speculative in nature and that there are risks associated with the purchase of the Notes and the Subscriber has such knowledge, sophistication and experience in business and financial matters as to be capable of evaluating the merits and risks of its investment in the Notes, fully understands the speculative nature of the Notes and is able to bear the economic risk of loss of its entire investment and the Subscriber has reviewed “Item 8 – Risk Factors” of the Offering Memorandum. All costs and expenses incurred by the Subscriber (including any fees and disbursements of any special counsel or other advisors retained by the Subscriber) relating to the purchase of the Notes shall be borne by the Subscriber.

- (q) Pursuant to instructions from the Subscriber, the Corporation is authorized to correct any minor errors in or complete any minor information missing from the Schedules attached hereto.
- (r) The Subscriber is knowledgeable of securities legislation in the Subscriber's jurisdiction of residence that may have application over the Subscriber or the Private Placement which would apply to this subscription and is satisfied that the Corporation and the Subscriber will not breach such laws by completing the transaction contemplated hereby.

6.3 Reliance on Representations, Warranties, Covenants and Acknowledgements

The Subscriber acknowledges and agrees that the representations, warranties, covenants and acknowledgements made by the Subscriber in this Subscription Agreement are made with the intention that they may be relied upon by the Corporation in determining the Subscriber's eligibility (and, if applicable, the eligibility of others for whom the Subscriber is contracting hereunder) to purchase the Notes under the Securities Laws. The Subscriber further agrees that by accepting the securities underlying the Notes, the Subscriber shall be representing and warranting that such representations, warranties, acknowledgements and covenants are true and correct as at the Closing Time with the same force and effect as if they had been made by the Subscriber at the Closing Time and that they shall survive the purchase by the Subscriber of the Notes and shall continue in full force and effect notwithstanding any subsequent disposition by the Subscriber of any of the securities underlying the Notes.

ARTICLE 7 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 Survival of Representations, Warranties and Covenants of the Corporation

The representations, warranties and covenants of the Corporation contained in this Subscription Agreement shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Subscriber with respect thereto, shall continue in full force and effect for the benefit of the Subscriber for a period of two years following the Closing Date.

7.2 Survival of Representations, Warranties and Covenants of the Subscriber

The representations, warranties and covenants of the Subscriber contained in this Subscription Agreement or any certificate or document delivered pursuant to or in connection with this Subscription Agreement shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Corporation with respect thereto, shall continue in full force and effect for the benefit of the Corporation for a period of two years following the Closing Date.

ARTICLE 8 COMMISSION

8.1 Commission to Agents

The Subscriber acknowledges and agrees that the Corporation may seek the assistance of Agents in connection with the issue and sale of the Notes pursuant to the Private Placement, and the Agent may receive from the Corporation on Closing (i) an aggregate cash commission equal up to 10% of the aggregate gross proceeds from the sale of the Notes to the subscribers under the Private Placement, and (ii) any other form of compensation (eg. common share purchase warrants).

No other fee or commission is payable by the Corporation in connection with the completion of the Private Placement.

ARTICLE 9 COLLECTION OF PERSONAL INFORMATION

9.1 Collection of and Consent to Use Personal Information

The Subscriber hereby consents to the collection, use and disclosure by the Corporation and any other of their respective authorized representatives of his/her/its personal information set forth herein ("**Personal**

Information) to enable the Corporation to fulfill its respective regulatory and reporting requirements and recognizes that this disclosure may result in the disclosure of some or all of the Personal Information becoming public information and, without limiting the foregoing, consents to the disclosure of such Personal Information to the Corporation and any of their respective authorized representatives; securities commissions and/or other regulatory agencies in any jurisdiction in which the rules and requirements of such body may require such reporting; stock exchanges; publication on the SEDAR website; or as may be required or permitted by law.

In order to permit the Corporation to comply with the requirements of the *Personal Information Protection and Electronic Documents Act* (Canada) (“**PIPEDA**”), the Subscriber expressly consents to the disclosure by the Corporation in any submission or filing that the Corporation may be required to make with any applicable regulatory authority or stock exchange of any Personal Information.

The Subscriber hereby acknowledges and consents to the collection, use, and disclosure of certain personal information by the British Columbia Securities Commission and the Alberta Securities Commission, including the publishing or otherwise making available to the public personal information including, for individuals, their name, number and type of securities purchased, the Aggregate Subscription Price, and their insider or registrant status, if applicable, and for non-individual Subscribers, the above information and their address, contact person name and telephone number and the exemption that the Subscriber is relying on in purchasing the Notes.

9.2 Furthermore, the Subscriber is hereby notified that:

- (a) the Corporation may deliver to the Ontario Securities Commission certain personal information pertaining to the Subscriber, including such Subscriber's full name, residential address and telephone number, the number of Notes purchased by the Subscriber and the total purchase price paid for such Notes, the prospectus exemption relied on by the Corporation and the date of distribution of the Notes;
- (b) such information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation;
- (c) such information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
- (d) the Subscriber may contact the following public official in Ontario with respect to questions about the Ontario Securities Commission's indirect collection of such information at the following address and telephone number:

Administrative Support Clerk
 Ontario Securities Commission
 Suite 1903, Box 55, 20 Queen Street West
 Toronto, Ontario M5H 3S8
 Telephone: (416) 593-3684
 Facsimile: (416) 593-8122

**ARTICLE 10
 MISCELLANEOUS**

10.1 Further Assurances

Each of the parties hereto upon the request of each of the other parties hereto, whether before or after the Closing Time, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be necessary or desirable to complete the transactions contemplated herein.

10.2 Notices

- (a) Any notice, direction or other instrument required or permitted to be given to any party hereto shall be in writing and shall be sufficiently given if delivered personally, or transmitted by facsimile or portable document format (PDF) tested prior to transmission to such party, as follows:

- (i) in the case of the Corporation, to:

Gunpowder Capital Corp.
47 Colborne Street, Suite 307
Toronto, Ontario M5E 1P8

Attention: Frank Kordy, Interim Chief Executive Officer
Facsimile: (647) 498-1153
Email: frank.kordy@gunpowdercapitalcorp.com

- (ii) in the case of the Subscriber, at the address specified on the face page hereof.

- (b) Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the day on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day and if transmitted by facsimile or portable document format (PDF), shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission.
- (c) Any party hereto may change its address for service from time to time by notice given to each of the other parties hereto in accordance with the foregoing provisions.

10.3 Time of the Essence

Time shall be of the essence of this Subscription Agreement and every part hereof.

10.4 Costs and Expenses

All costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Subscription Agreement and the transactions herein contemplated shall be paid and borne by the party incurring such costs and expenses.

10.5 Applicable Law

This Subscription Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein. Any and all disputes arising under this Subscription Agreement, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the province of Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of such province.

10.6 Entire Agreement

This Subscription Agreement, including the Schedules hereto, and the Offering Memorandum, constitutes the entire agreement between the parties with respect to the transactions contemplated herein and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the parties. There are no representations, warranties, terms, conditions, undertakings or collateral agreements or understandings, express or implied, between the parties hereto other than those expressly set forth in this Subscription Agreement or in any such agreement, certificate, affidavit, statutory declaration or other document as aforesaid. This Subscription Agreement may not be amended or modified in any respect except by written instrument executed by each of the parties hereto.

10.7 Counterparts

This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same Subscription Agreement. Counterparts

may be delivered either in original or by facsimile or portable document format (PDF) form and the parties adopt any signature received by a receiving facsimile machine as original signatures of the parties.

10.8 Assignment

This Subscription Agreement may not be assigned by either party except with the prior written consent of the other parties hereto.

10.9 Enurement

This Subscription Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors (including any successor by reason of the amalgamation or merger of any party), administrators and permitted assigns.

10.10 Language

The parties hereto acknowledge and confirm that they have requested that this Subscription Agreement as well as all notices and other documents contemplated hereby be drawn up in the English language. Les parties aux présentes reconnaissent et confirment qu'elles ont convenu que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés dans la langue anglaise.

SCHEDULE "A"
TERM SHEET

Issuer:	Gunpowder Capital Corp. (the " Corporation ").
Size of Offering:	Up to \$10,000,000 worth of unsecured convertible notes (the " Notes ").
Term:	36 months.
Price:	\$500.00 per Note.
Interest Rate:	8% per annum, payable quarterly in arrears.
Security:	The Notes will be unsecured.
Conversion at Holder's Option:	Principal may be converted at any time in whole or in part at the purchaser's option into Class A Preferred Shares of the Corporation (each a " Preferred Share " and collectively the " Preferred Shares ") at a deemed conversion price of \$10.00 per Preferred Share (the " Conversion Price ").
Prepayment Option:	<p>The Corporation will have the option, for the duration of the Term, to prepay a portion or all of the outstanding Notes (the "Prepayment Option").</p> <p>Additionally, if the Company elects to exercise the Prepayment Option, the holders of the Notes will be granted a period of 10 business days from the date which the Note Holders receive notice of the Corporation's intention to exercise the Prepayment Option (the "Prepayment Notice Period"), during which the holders of the Notes can elect to accept the prepayment of the Notes or to convert the Notes at the Conversion Price.</p>
Resale Restrictions:	The Notes and underlying securities shall be subject to statutory resale restrictions under the applicable securities laws, including, without limitation, a four-month and one day "hold period" from the closing of the Offering pursuant to Canadian securities laws. The certificates representing the Notes and underlying securities will carry legends to that effect.
Pre-Issue Capitalization (as at July 4, 2016):	<ul style="list-style-type: none"> • Common Shares: 24,909,254 • Preferred Shares: 55,246 • Notes: Nil
Use of Proceeds:	Investments and general working capital.
Agents' Commission:	Up to 10% of the aggregate cash proceeds received from the sale of the Notes and other form of compensation as negotiated between the Agent and the Corporation.

Conditions Precedent include:	<ol style="list-style-type: none">1. All required (a) shareholder, director and regulatory approvals; and (b) third party consents being received.2. Execution of all requisite definitive agreements including an investors' subscription agreement and form of note certificate.
Closing:	The initial closing of the Offering shall close on or about July 29, 2016, and further closings will occur from time to time at the discretion of the Corporation.

SCHEDULE "B"
PARTICULARS OF SUBSCRIBER

Present Ownership of Securities:

The Subscriber either [CHECK APPROPRIATE ITEM]:

_____ owns directly or indirectly, or exercises control or direction over, **NO** common shares in the capital of the Corporation or securities convertible into common shares in the capital of the Corporation (excluding the securities subscribed for herein); or

_____ owns directly or indirectly, or exercises control or direction over, _____ common shares in the capital of the Corporation and convertible securities entitling the Subscriber to acquire an additional _____ common shares in the capital of the Corporation (excluding the securities subscribed for herein).

Insider Status

The Subscriber either [CHECK APPROPRIATE ITEM]:

_____ is an Insider of the Corporation; or

_____ is not an Insider of the Corporation.

"Insider" means (a) a director or senior officer of the Corporation, (b) a director or senior officer of a company that is an insider or subsidiary of the Corporation, (c) any person who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all voting securities of the Corporation for the time being outstanding.

Registrant Status

The Subscriber either [CHECK APPROPRIATE ITEM]:

_____ is registered under the *Securities Act* (British Columbia); or

_____ is not registered under the *Securities Act* (British Columbia).

**SCHEDULE “C”
CERTIFICATE OF AN ACCREDITED INVESTOR**

The categories listed herein contain certain specifically defined terms. If you are unsure as to the meanings of those terms, or are unsure as to the applicability of any below category, please contact your broker and/or legal advisor before completing this form. Please note that the Corporation may request additional information from the Subscriber (as defined below) to confirm that the Subscriber falls within the definition of “accredited investor” as outlined below.

TO: GUNPOWDER CAPITAL CORP. (the “Corporation”)

In connection with the purchase by the undersigned purchaser (the “Subscriber”) of securities of the Corporation pursuant to the Subscription Agreement to which this Schedule is attached, the Subscriber or the undersigned on behalf of the Subscriber, as the case may be, certifies that:

1. The Subscriber, or one or more beneficial purchasers for whom the Subscriber is acting, is a resident of, or the purchase and sale of securities to the Subscriber is otherwise subject to the securities legislation of one of the provinces of Canada and the Subscriber is (and will at the time of acceptance of the subscription be) an accredited investor within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions* (“NI 45-106”) and in Ontario, as defined in Section 73.3 of the *Securities Act* (Ontario) as supplemented by the definition in NI 45-106.

2. The Subscriber is: (PLEASE CHECK THE BOX OF THE APPLICABLE CATEGORY)

- ____ (a) a Canadian financial institution, or a Schedule III bank;
- ____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- ____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- ____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
- ____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- ____ (f) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- ____ (g) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- ____ (h) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec;
- ____ (i) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- ____ (j) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- ____ (k) an individual who, either alone or with a spouse, beneficially owns, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;

Schedules - If individual accredited investors wish to rely on this prospectus exemption you are also required to complete (i) Schedule “D” entitled “Form 45-106F9 Form for Individual Accredited Investors”, and (ii) Schedule “E” entitled “Accredited Investor Questionnaire”.

Important Notes: See section 3.5(3) of Companion Policy 45-106CP to NI 45-106 which provides guidance as to the meaning of beneficial ownership of financial assets. If individual accredited investors wish to purchase through wholly-owned holding companies or similar

entities, such purchasing entities must qualify under section (v) below, or (y) if a family trust.

- ____ (l) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;

Schedule - If individual accredited investors wish to rely on this prospectus exemption you are also required to complete Schedule “D” entitled “Accredited Investor Questionnaire”.

Important Note: See section 3.5(3) of Companion Policy 45-106CP to NI 45-106 which provides guidance as to the meaning of beneficial ownership of financial assets.

- ____ (m) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

Schedules - If individual accredited investors wish to rely on this prospectus exemption you are also required to complete (i) Schedule “D” entitled “Form 45-106F9 Form for Individual Accredited Investors”, and (ii) Schedule “E” entitled “Accredited Investor Questionnaire”.

- ____ (n) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;

Schedules - If individual accredited investors wish to rely on this prospectus exemption you are also required to complete (i) Schedule “D” entitled “Form 45-106F9 Form for Individual Accredited Investors”, and (ii) Schedule “E” entitled “Accredited Investor Questionnaire”.

Important Note: See section 3.5(4) of Companion Policy 45-106CP to NI 45-106 which provides guidance as to the calculation of an individual purchasers net assets.

- ____ (o) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;

Type of entity: _____ Jurisdiction and date of formation: _____

Important Note: The minimum net asset threshold of \$5,000,000 must be shown on the entity’s “most recently prepared financial statements”, which must be prepared in accordance with applicable generally accepted accounting principles.

- ____ (p) an investment fund that distributes or has distributed its securities only to (i) a person that is or was an accredited investor at the time of the distribution, (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [Minimum amount investment], or 2.19 [Additional investment in investment funds] of NI 45-106, or (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [Investment fund reinvestment] of NI 45-106;

- ____ (q) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;

- ____ (r) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;

- ____ (s) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;

- ____ (t) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;

- ____ (u) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (j) in form and function;

- ____ (v) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited

investors;

Important Note: If this is your applicable category, each owner of interest must individually complete and submit to the Corporation its own copy of this Certificate of an Accredited Investor.

- _____ (w) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- _____ (x) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- _____ (y) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the time of issuance of the securities. If any such representations shall not be true and accurate prior to the time of issuance of the securities, the undersigned shall give immediate written notice of such fact to the Corporation.

Dated: _____

Signed: _____

Witness (If Subscriber is an Individual)

Print the name of Subscriber

Print Name of Witness

If Subscriber is a corporation, print name and title of Authorized Signing Officer

See definitions on the following page.

For the purposes hereof:

“**Canadian financial institution**” means (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

“**control person**” has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that holds (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;

“**director**” means (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“**eligibility adviser**” means (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

“**executive officer**” means, for an issuer, an individual who is (i) a chair, vice-chair or president, (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, (iii) an officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or (iv) performing a policy-making function in respect of the issuer;

“**financial assets**” means (i) cash, (ii) securities, or (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

Important Note: See section 3.5(1) of Companion Policy 45-106CP to NI 45-106 which provides guidance as to the meaning of financial assets.

“**founder**” means, in respect of an issuer, a person who (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and (ii) at the time of the trade is actively involved in the business of the issuer;

“**foreign jurisdiction**” means a country other than Canada or a political subdivision of a country other than Canada;

“**fully managed account**” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

“**investment fund**” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

“**jurisdiction**” means a province or territory of Canada except when used in the term foreign jurisdiction;

“**local jurisdiction**” means the jurisdiction in which the Canadian securities regulatory authority is situate;

“**net assets**” means all of the purchaser’s total assets minus all of the purchaser’s total liabilities. Accordingly, for the purposes of the net asset test, the calculation of total assets would include the value of a purchaser’s personal residence and the calculation of total liabilities would include the amount of any liability (such as a mortgage) in respect of the purchaser’s personal residence. To calculate a purchaser’s net assets under the “accredited investor” definition, subtract the purchaser’s total liabilities from the purchaser’s total assets (including real estate). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of the security;

“**non-redeemable investment fund**” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

“**person**” includes (i) an individual, (ii) a corporation, (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

“**regulator**” means, for the local jurisdiction, the person referred to in Appendix D of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction;

“**related liabilities**” means (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or (ii) liabilities that are secured by financial assets;

“**Schedule III bank**” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

“**spouse**” means, an individual who (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

“**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian Dollars.

SCHEDULE "D"

**Form 45-106F9
Form for Individual Accredited Investors**

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Type of securities: Notes	Issuer: Gunpowder Capital Corp.
Purchased from: Gunpowder Capital Corp.	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE SUBSCRIBER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$_____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	
Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

4. Your name and signature

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.

First and last name (please print):

Signature:

Date:

SECTION 5 TO BE COMPLETED BY THE SALESPERSON

5. Salesperson information

[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]

First and last name of salesperson (please print):

Telephone:

Email:

Name of firm (if registered):

SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER

6. For more information about this investment

Please contact:

Gunpowder Capital Corp.
47 Colborne Street, Suite 307
Toronto, Ontario M5E 1P8

Attention: Frank Kordy, Interim Chief Executive Officer
Facsimile: (647) 498-1153
Email: frank.kordy@gunpowdercapitalcorp.com

For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.

SCHEDULE "E"
ACCREDITED INVESTOR QUESTIONNAIRE

The Subscriber understands that the Corporation and its counsel are relying upon the accuracy and completeness of the information provided in Schedule "C" entitled "Certificate of an Accredited Investor" (the "**Certificate**") in order to determine whether the Subscriber qualifies for the accredited investor prospectus exemption in compliance with NI 45-106 or Section 73.3 of the *Securities Act* (Ontario).

ACCORDINGLY, THE SUBSCRIBER IS OBLIGATED TO READ THIS QUESTIONNAIRE CAREFULLY AND TO ANSWER THE ITEMS CONTAINED HEREIN COMPLETELY AND ACCURATELY.

The Subscriber understands that this Questionnaire is merely a request for information and is not an offer to sell, a solicitation of an offer to buy, or a sale of securities. The Subscriber also understands that the Subscriber may be required to furnish additional information.

PLEASE NOTE THE FOLLOWING INSTRUCTIONS BEFORE COMPLETING THIS QUESTIONNAIRE.

Unless instructed otherwise, the Subscriber must answer each question on the Questionnaire. If the answer to a particular question is "None" or "Not Applicable," please so state. If the Questionnaire does not provide sufficient space to answer a question, please attach a separate schedule to your executed Questionnaire that indicates which question is being answered thereon.

1. Personal Data

Name: _____

Address: _____

Telephone number: _____

Email address: _____

2. Employment and Business Experience

Present occupation(s): _____

Name and type of business employed by or owned: _____

Present title or position: _____

3. Financial Information

If relying on (k) or (l) of the Certificate, your estimated financial assets net of related liabilities:

Less than \$249,999 \$250,000 – \$499,999 \$500,000 - \$749,999 \$750,000 - \$1,000,000 \$1,000,001 - \$3,000,000 \$3,000,001 - \$5,000,000 Greater than \$5 million

Your source(s) of financial assets: _____

If relying on (k) or (l) of the Certificate and your estimated financial assets net of related liabilities is less than or equal to \$1,000,000 (if relying on (k)) or less than or equal to \$5,000,000 (if relying on (l)), your spouse's estimated financial assets net of related liabilities:

Less than \$249,999 \$250,000 – \$499,999 \$500,000 - \$749,999 \$750,000 - \$1,000,000 Greater than \$1 million

Your spouse's source(s) of financial assets: _____

If relying on (m) of the Certificate, your annual net income before taxes (all sources):

Your source(s) of income: _____

Most recent calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999 \$200,000 – \$299,999 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

Prior calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999 \$200,000 – \$299,999 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

If relying on (m) of the Certificate and your annual net income before taxes (all sources), is less than or equal to \$200,000 in each of the 2 most recent calendar years, your spouse’s annual net income before taxes (all sources):

Your spouse’s source(s) of income: _____

Most recent calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999 \$200,000 – \$299,999 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

Prior calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999 \$200,000 – \$299,999 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

Your source(s) of financial assets: _____

If relying on (n) of the Certificate, your estimated total net assets:

Less than \$499,999 \$500,000 – \$999,999 \$1,000,000 - \$1,999,999 \$2,000,000 - \$2,999,999 \$3,000,000 - \$3,999,999 \$4,000,000 - \$4,999,999 \$5 million or more

Your source(s) of assets: _____

If relying on (n) of the Certificate and your estimated total net assets is less than \$5,000,000, your spouse’s estimated total net assets:

Less than \$499,999 \$500,000 – \$999,999 \$1,000,000 - \$1,999,999 \$2,000,000 - \$2,999,999 \$3,000,000 - \$3,999,999 \$4,000,000 - \$4,999,999 \$5 million or more

Your spouse’s source(s) of assets: _____

Subscriber’s Signature

Name: (Please type or print)

Signature

Date: _____

Spouse’s Signature (if applicable)

Name: (Please type or print)

Signature

Date: _____

SCHEDULE "F"

CLASSIFICATION OF INVESTORS UNDER THE OFFERING MEMORANDUM EXEMPTION

[This form is only required for individuals purchasing under the Offering Memorandum Exemption in Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan]

Instructions: This schedule must be completed together with the Risk Acknowledgement Form (Schedule "H") and the Investment limits for Investors Under the Offering Memorandum Exemption Form (Schedule "G") by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators ("NI 45-106") in Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan.

How you qualify to buy securities under the offering memorandum exemption
--

Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

A. You are an eligible investor because:		Your Initials
ELIGIBLE INVESTOR	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 73.3 of the Securities Act (Ontario), because:		Your Initials
ACCREDITED INVESTOR	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:		Your Initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	You are: <ul style="list-style-type: none"> 1) <i>[check all applicable boxes]</i> <ul style="list-style-type: none"> <input type="checkbox"/> a director of the issuer or an affiliate of the issuer <input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer <input type="checkbox"/> a control person of the issuer or an affiliate of the issuer <input type="checkbox"/> a founder of the issuer OR <ul style="list-style-type: none"> 2) <i>[check all applicable boxes]</i> <ul style="list-style-type: none"> <input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above <input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above 	
	You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i> , who holds the following position at the issuer or an affiliate of the issuer: _____. You are the _____ of that person or that person's spouse. <i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i>	
	You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i> , who holds the following position at the issuer or an affiliate of the issuer: _____. You have known that person for _____ years.	
	You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i> , who holds the following position at the issuer or an affiliate of the issuer: _____. You have known that person for _____ years.	

D. You are not an eligible investor.		Your Initials
NOT AN ELIGIBLE INVESTOR	You acknowledge that you are not an eligible investor.	

**SCHEDULE “G”
INVESTMENT LIMITS FOR INVESTORS UNDER THE OFFERING MEMORANDUM EXEMPTION**

[This form is only required for individuals purchasing under the Offering Memorandum Exemption in Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan]

Instructions: This form must be completed together with the Risk Acknowledgement Form (Schedule “H”) and Classification of Investors Under the Offering Memorandum Exemption Form (Schedule “D”) by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators (“NI 45-106”) in Alberta, New Brunswick, Nova Scotia, Ontario and Saskatchewan.

SECTION 1 TO BE COMPLETED BY THE PURCHASER

1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption

You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Schedule 1. Initial the statement that applies to you.

A. You are an eligible investor.		Your Initials
ELIGIBLE INVESTOR	As an eligible investor that is an individual, you cannot invest more than \$30,000 in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable. Initial one of the following statements:	
	You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months.	
	You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable. You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000	

B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 73.3 of the Securities Act (Ontario).		Your Initials
ACCREDITED INVESTOR	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [Accredited investor], you are not subject to investment limits.	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.		Your Initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [Family, friends and business associates], you are not subject to investment limits.	

D. You are not an eligible investor.		Your Initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you cannot invest more than \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$ _____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	

SECTION 2 TO BE COMPLETED BY THE REGISTRANT	
2. Registrant information	
<i>[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]</i>	
First and last name of registrant (please print):	
Registered as: <i>[Instruction: indicate whether registered as a dealing representative or advising representative]</i>	
Telephone:	Email:
Name of firm: <i>[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>	
Date:	

SCHEDULE "H"
FORM 45-106F4

WARNING

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$_____ [total consideration] in total; this includes any amount I am obliged to pay in future.
_____ [name of issuer] will pay \$_____ [amount of fee or commission] of this to
_____ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign two copies of this document. Keep one copy for your records.

You have 2 business days to cancel your purchase

To do so, send a notice to Gunpowder Capital Corp. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email to Gunpowder Capital Corp. Keep a copy of the notice for your records.

Gunpowder Capital Corp.
47 Colborne Street, Suite 307
Toronto, Ontario M5E 1P8
Attention: Frank Kordy, Interim Chief Executive Officer
Facsimile: (647) 466-4037
Email: frank.kordy@gunpowdercapitalcorp.com

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

You will receive an offering memorandum Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

For more information on the exempt market, call your local securities regulatory authority or regulator.

British Columbia Securities Commission Telephone: (604) 899-6805 or (800) 373-6393 (in B.C.) Web site: http://www.bsc.bc.ca	Alberta Securities Commission Telephone: (403) 297-6454 Web site: http://www.albertasecurities.com
Saskatchewan Financial Services Commission Securities Division Telephone: (306) 787-5879 Web site: http://www.spsc.gov.sk.ca	The Manitoba Securities Commission Telephone: (204) 945-2548 Toll free in Manitoba 1-800-655-5244 Web site: http://www.msc.gov.mb.ca
Ontario Securities Commission Telephone: (416) 593-3684 Toll free in Canada: 1-877-785-1555 Web site: http://www.osc.gov.on.ca	New Brunswick Securities Commission Telephone: (506) 658-3060 Toll Free in New Brunswick 1-866-933-2222 Web site: http://www.gnb.ca
Nova Scotia Securities Commission Telephone: (902) 424-7768 Web site: http://www.gov.ns.ca/nssc/	Prince Edward Island Securities Office Telephone: (902) 368-4569 Web site: http://www.gov.pe.ca
Government of Newfoundland and Labrador Financial Services Regulation Division Telephone: (709) 729-4189 Web site: http://www.gov.nf.ca/gsl/cca/s/	

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the Corporation must each receive a signed copy.]

**SCHEDULE “T”
CERTIFICATE OF AN ELIGIBLE INVESTOR**

Instructions: This form must be completed together with the Risk Acknowledgement Form (Schedule “H”) by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2) of National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators (“NI 45-106”) in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon.

The categories listed herein contain certain specifically defined terms. If you are unsure as to the meanings of those terms, or are unsure as to the applicability of any below category, please contact your broker and/or legal advisor before completing this form.

TO: GUNPOWDER CAPITAL CORP. (the “Corporation”)

In connection with the purchase by the undersigned purchaser (the “Subscriber”) of securities of the Corporation pursuant to the Subscription Agreement to which this Schedule is attached, the Subscriber or the undersigned on behalf of the Subscriber, as the case may be, certifies that that the undersigned is an “eligible investor” as defined in section 1.1 of NI 45-106 and is not a person who was created or is being used solely to purchase or hold securities in reliance on the exemption from the prospectus requirement set out in s. 2.9(2) of NI 45-106. The undersigned has indicated below the categories which it, he or she satisfies to qualify as an “eligible investor”.

The Subscriber is: **[PLEASE CHECK THE BOX OF THE APPLICABLE CATEGORY]**

<input type="checkbox"/>	(a) a person whose: (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000, (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,,
<input type="checkbox"/>	(b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,
<input type="checkbox"/>	(c) a general partnership of which all of the partners are eligible investors,
<input type="checkbox"/>	(d) a limited partnership of which the majority of the general partners are eligible investors,
<input type="checkbox"/>	(e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
<input type="checkbox"/>	(f) an accredited investor (please complete Schedule “A”),
<input type="checkbox"/>	(g) a person described in section 2.5 of NI 45-106 (see description below and check the appropriate option), or
<input type="checkbox"/>	(g) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser (as defined in NI 45-106.

Pursuant to section 2.5 of NI 45-106, the Subscriber is not in Ontario, no commission or finder’s fee is paid to any director, officer, founder or control person of the Corporation or a non-arm's length party in connection with the issuance of the Notes, and at least one of the following applies **[check the appropriate option]**:

<input type="checkbox"/>	(a) the Subscriber is a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,
<input type="checkbox"/>	(b) the Subscriber is a spouse, parent, grandparent, brother, sister, child, or grandchild of _____, a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,
<input type="checkbox"/>	(c) the Subscriber is a parent, grandparent, brother, sister, child, or grandchild of the spouse of _____, a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,
<input type="checkbox"/>	(d) the Subscriber is a close personal friend ⁽¹⁾ of _____, a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation, and has known the director, executive officer, or control person for a sufficient period of time to be in a position to assess the capabilities and trustworthiness of the said person;
<input type="checkbox"/>	(e) the Subscriber is a close business associate ⁽²⁾ of _____, a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation, and has had sufficient prior business dealings with the director, executive officer or control person to be in a position to assess the capabilities and trustworthiness of the said person,
<input type="checkbox"/>	(f) the Subscriber is a founder of the Corporation or a spouse, parent, grandparent, brother, sister, child, or grandchild or close personal friend ⁽¹⁾ or close business associate ⁽²⁾ of _____, a founder of the Corporation,
<input type="checkbox"/>	(g) the Subscriber is a parent, grandparent, brother, sister, child, or grandchild of the spouse of _____, a founder of the Corporation,
<input type="checkbox"/>	(h) the Subscriber is a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (a) to (g), or
<input type="checkbox"/>	(i) the Subscriber is a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons or companies described in paragraphs (a) to (g).,

(1) Note that the term “**close personal friend**” means an individual who has known the director, executive officer, founder or control person of the Corporation well enough and for a sufficient period of time to be in a position to assess the capabilities and trustworthiness of the director, executive officer, founder or control person. The term close personal friend can include family members not already specifically identified in the exemption if the family member is in a position to assess the capabilities and trustworthiness of the director, executive officer, founder or control person.

The relationship between the Subscriber and the director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close personal friend of a close personal friend of a director of the Corporation. An individual is not a close personal friend solely because the individual is a relative; a member of the same organization, association or religious group; a client, customer or former client or customer of the Corporation.

(2) Note that the term “**close business associate**” means an individual who has had sufficient prior business dealings with the director, executive officer, founder or control person to be in a position to assess the capabilities and trustworthiness of the director, executive officer, founder or control person. An individual is not a close business associate solely because the individual is a client, customer or former client or customer of the Corporation. The relationship between the Subscriber and the director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close business associate of a close business associate of a director of the Corporation.

The representations, warranties, statements and certification made in this Certificate are true and accurate as of the date of this Certificate and will be true and accurate as of the Closing. If any such representation, warranty,

statement or certification becomes untrue or inaccurate prior to the Closing, the undersigned Subscriber shall give the Corporation immediate written notice thereof.

The Subscriber acknowledges that the Corporation will be relying on this Certificate in connection with this Subscription Agreement.

Dated: _____, 201__.

Print name of Subscriber

By: _____

Signature

Print name of Signatory (if different from
Subscriber)

Title