



GUNPOWDER CAPITAL CORP.

(Formally Silver Shield Resources Corp.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016**

**Original Filing – August 29, 2016
Amended Filing – September 23, 2016**

This MD&A has been filed on September 23, 2016 in conjunction with the amended consolidated financial statements for the three and six months ended June 30, 2016. It should be noted that no amendments were required in the August 29, 2016 version of the MD&A therefore; no information contained in this version of MD&A has been amended, and all information contained matches that of the August 29, 2016 filing.

The following is Management’s Discussion and Analysis (“MD&A”) of the financial condition of Gunpowder Capital Corp. (“Gunpowder” or the “Company”) and the financial performance for the three and six months ended June 30, 2016. This information, prepared as of August 29, 2016, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Gunpowder for the three and six months ended June 30, 2016, as well as the audited consolidated financial statements for the year ended December 31, 2015 and the related management’s discussion and analysis (the “Annual MD&A”). The unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

This MD&A, and specifically the “Outlook” section contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, “forward-looking statements”). These forward-looking statements relate to, among other things, revenue, earnings, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as “may”, “will”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only the Company’s expectations, estimates and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, the Company, does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

For a description of material factors that could cause the Company’s actual results to differ materially from the forward-looking statements in this MD&A, please see “Risks and uncertainties”.

Overview

Listed on the Canadian Securities Exchange under the trading symbol “GPC” Gunpowder is a newly formed Merchant Bank and Advisory Services Firm. In May 2016 Gunpowder Capital Corp. (formerly Silver Shield Resources Corp.) implemented its new business model under the leadership of a new management team.

As a merchant bank and advisory services firm, Gunpowder provides financial capital and capital markets advisory services. The Company offers a variety of financing options including mezzanine debt, bridge loans, convertible debentures and straight loans as well as equity financing. Our goal when investing is to as best as possible ensure the preservation of capital and structure upside for our stakeholders through participation opportunities such as royalties, equity or options. Our main focus with advisory services is to assist companies that are interested in going public, however, we are also involved with capital markets advisory services and advising on mergers and acquisitions.

Business Objectives and Milestones

Gunpowder's primary focus for 2016 (set in 2015 while still Silver Shield Resources) was to transform itself from a junior mining company to a merchant bank. Following our listing on the Canadian Stock Exchange ("CSE") at the end of 2015 we set goals of:

1. Obtaining shareholder and regulatory approval to become a merchant bank.

On May 16, 2016 we received final approval from the CSE and official became a merchant bank.

2. Create and issue a new class of preferred shares to help fund financing initiatives.

On January 28, 2016 the Shareholders approved the creation of various classes of preferred shares.

3. Create an offering memorandum to allow the Company to issue debt securities.

On July 5, 2016 we announced the filing of an offering memorandum.

4. Begin to launch the merchant banking services offering across our network and start to build portfolio of transactions.

While still early in our transition to a merchant bank we have entered into various engagements including, Cardiff Resources, Advantagewon Inc., and Truxmart Inc. We have a robust pipeline of opportunities and look forward to continuing to grow our portfolio and announcing further deals as they are consummated.

5. Examine and if appropriate look for long term portfolio type investments to support our merchant banking model.

During the second quarter of 2016 we established GP Realty Inc. and acquired our first building. We also announced the formation of GP Self Storage Inc. and the pending transaction of two self storage facilities. We believe that real estate holdings will provide both steady cash flow, profit and capital appreciation which will compliment our merchant banking services which can be more volatile in nature and timing.

Highlights for the Quarter

Gunpowder continues to execute on its strategic and operational initiatives as highlighted during the quarter and shortly thereafter:

May 16, 2016 we received CSE approval to change our name to Gunpowder Capital Corp. and change

our business to merchant banking.

May 19, 2016 we loaned Advantagewon Inc. \$75,000 to support their growth and go public efforts. Unfortunately, later in the quarter they decided in good faith to no longer pursue going public. However, the loan remains in good standing and continues to earn a significant percentage return for our investors.

July 4, 2016 we formed GP Realty Inc. and announced the acquisition of our first property.

July 6, 2016 we announced the formation of GP Self Storage Inc. and the entering into of two terms sheets to acquire properties.

July 29, 2016 we entered into various agreements with Franchise Holdings International, Inc. to list them on the CSE and fund their wholly owned subsidiary Truxmart Inc.

Outlook

The second quarter of 2016 represents the first full quarter of operations as a merchant bank. We are very pleased and excited about the progress we have made to date. We have a robust sales pipeline and hope to announce other mandates and opportunities that we have been working on in the coming quarters.

Quarterly Results

The following table shows our results of operations for the last eight quarters.

	Q 2 2016	Q 1 2016	Q 4 2015	Q 3 2015	Q 2 2015	Q 1 2015	Q 4 2014	Q 3 2014
<i>Revenue</i>	22,195	12,194	-	-	-	-	-	-
<i>Income (Loss)</i>	(408,371)	(148,726)	(1,525,729)	(2,689)	(28,561)	(44,207)	(18,242)	(14,515)
<i>Earnings (Loss) per share</i>	(0.02)	(0.01)	(0.15)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<i>Cash and Cash Equivalents</i>	479,052	339,659	171,961	383,558	36,877	-	-	-
<i>Mineral Properties</i>	954,175	954,175	954,175	2,204,175	2,204,500	2,204,500	2,204,500	2,204,500
<i>Real Estate Assets</i>	464,791	-	-	-	-	-	-	-
<i>Loans and other investment assets</i>	338,878	283,320	-	-	-	-	-	-
<i>Dividends Paid</i>	5,148	-	-	-	-	-	-	-

Results of Operations

The following table shows the results of operations for the three and six months of 2016 compared to the same periods last year:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
INCOME				
Interest	\$ 6,343	\$ -	\$ 18,538	\$ -
Consulting fees	15,851	-	15,851	-
TOTAL INCOME	22,195	-	34,389	-
EXPENSES				
Management fees	91,062	-	142,347	-
Consulting and other professional fees	140,738	-	164,958	-
Stock based compensation expense	107,700	-	107,700	-
Legal and audit fees	4,939	-	12,984	-
Marketing and investor relations	41,197	-	49,855	-
Travel and accommodations	37,464	-	37,464	-
Transfer agent and filing fees	13,062	3,362	48,143	22,575
General, office and administrative	6,102	7,693	18,325	12,362
Loan interest	-	3,678	-	10,196
Royalty expenses	-	13,500	-	27,000
Property taxes	1,393	-	1,393	-
Bank service charges	352	41	511	62
NET LOSS BEFORE OTHER ITEMS	-406,814	-28,274	-549,291	-72,195
Amortization	-251	-287	-477	-573
Foreign exchange loss	-1,306	-287	-7,329	-573
	-1,557	-287	-7,806	-573
LOSS FOR THE PERIOD	-408,371	-28,561	-557,097	-72,768
COMPREHENSIVE LOSS	\$ -408,371	\$ -28,561	\$ -557,097	\$ -72,768
Basic and diluted loss per share	\$ -0.02	\$ 0.00	\$ -0.03	\$ 0.00
Weighted average number of shares outstanding – basic and diluted				
	21,885,365	8,257,035	19,616,665	8,257,035

Second Quarter of Fiscal 2016

As noted previously the second quarter was the Company's first full quarter as a merchant bank. Revenue

for the quarter was \$22,195, no revenue was earned in the prior year as the Company was still engaged in its legacy junior mining business.

Operating expenses for the quarter were \$430,566. Of that total, \$107,700 was a non cash charge for stock options granted in the quarter. Now that the Company is pursuing its merchant banking model it is incurring significant costs for travel and accommodations (\$37,464) and consulting and professional fees (\$140,738) to review deals, conduct due diligence and close on transactions. The Company also incurred \$41,197 in marketing and investor relations costs as it invested in several outreach programs to support its launch as a merchant bank and generate investor awareness.

Fiscal 2016 Year-to-Date

Revenue for the six months ended June 30, 2016 was \$34,389, no revenue was earned in the prior year as the Company was still engaged in its legacy junior mining business.

Operating expenses for the six months were \$591,486. Of that total, \$107,700 was a non cash charge for stock options granted in the second quarter. Now that the Company is pursuing its merchant banking model it is incurring significant costs for travel and accommodations (\$37,464) and consulting and professional fees (\$164,958) to review deals, conduct due diligence and close on transactions. The Company also incurred \$49,855 in marketing and investor relations costs as it invested in several outreach programs to support its launch as a merchant bank and generate investor awareness.

Liquidity and Capital Resources

The following table summarizes year-to-date cash flows for the current year and prior year periods:

	Six Months Ended June 30,	
	2016	2015
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	-522,891	-37,490
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,504,565	94,260
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	-674,583	0
	307,091	56,770
Opening balance	171,961	-61
Cash and cash equivalents	479,052	56,709

In addition to the operating activities discussed above, the Company generated \$1,504,565 from financing activities (see notes to financial statements for details of these transactions) and invested \$674,583 by acquiring a residential building and loaning out additional funds to clients.

As at June 30, 2016 the Company had current assets of \$757,042 to settle current liabilities of \$585,987.

To successfully pursue its merchant banking model, the Company plans to continue to raise debt and equity in order to pursue additional deals and build scale.

The ability of the Corporation to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Corporation. There can be

no assurance that the Corporation will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Corporation may change and shareholders may suffer dilution. If adequate financing is not available, the Corporation may be required to sell its interests in some or all of its assets / holdings or current properties and / or reduce or terminate its operations.

Additional Disclosures

Critical Accounting Estimates

The preparation of financial statements requires the Company to estimate the effect of various matters that are inherently uncertain as at the date of the financial statements. Each of these required estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates are deemed critical when the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. The Company's significant accounting policies are discussed in note 1 of the Notes to 2015 Annual Audited Financial Statements. Critical accounting estimates remain unchanged from those previously disclosed.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

Financial instruments

The Company's financial instruments consist of cash, accounts receivable, notes receivable, and accounts payable and accrued liabilities. All are measured at their amortized cost which approximates their fair value due to their short-term nature.

The Company classifies fair values of financial instruments within a three-level hierarchy that prioritizes the inputs to fair value measurement and reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant

to the overall fair value measurement. As at June 30, 2016, the Company had no financial instruments measured at fair value and requiring classification in the hierarchy.

Outstanding share data

As at June 30, 2016, the Company had 24,964,502 common shares issued and outstanding, and 55,246 preferred shares issued and outstanding. In addition, the Company has 6,037,637 common share purchase warrants outstanding priced at between \$0.15 and \$0.25 and 1,525,000 stock options entitling the holder to acquire an additional share by paying \$0.10 per common share.

As at August 28, 2016, the Company had 24,964,502 common shares issued and outstanding, and 71,796 preferred shares issued and outstanding. In addition, the Company has 6,037,637 common share purchase warrants outstanding priced at between \$0.15 and \$0.25 and 1,725,000 stock options entitling the holder to acquire an additional share by paying \$0.10 per common share.

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 June 30, 2016, companies related to or controlled by officers and directors of the Company were paid \$142,347 for consulting and management fees.
- ii. As at June 30, 2016, the Company accrued \$5,374 in fees and expenses which are due and payable to directors or officers.

A summary of directors and senior management remuneration of the Company for the quarter ended June 30, 2016, is as follows:

Remuneration of senior management	\$112,347
Remuneration of directors	30,000
Stock based compensation	107,700
Total	\$250,047

Off Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Proposed Transactions

The Company is not party to any proposed transactions that have not be disclosed elsewhere in this MD&A.

Subsequent Events

1. On July 6th, 2016, The Board of Directors of Gunpowder Capital Corp. have declared a dividend of \$0.20 per outstanding Series “A” Preferred Share of its capital payable on, or after, Aug 6th, 2016 to Series “A” Preferred Shareholders of record at the close of business on June 30th, 2016.
2. On July 4, 2016, the Corporation commenced a non-brokered private placement financing to raise a maximum of Two Million Dollars (“\$2,000,000.00”) by sale of Two Hundred Thousand (“200,000”) Series “A” Preferred Shares at a price of \$10.00 per share. The Series “A” preferred shares will pay an 8% annual dividend to the holders of the preferred shares. Furthermore, holders of the Preferred Shares will also see a 25% of after tax realized gains on any capital dispositions. No special voting rights will be granted to the holders of the Preferred Shares.

In connection with the offering, a finder's fee may be paid consisting of a cash commission equal to 8% of the gross proceeds. Net proceeds of the financings will be used for strategic acquisitions, business development and for working capital purposes. Closing of the private placement is expected to occur on, or before, August 31st, 2016.

On July 5th, 2016, the Corporation filed its Offering Memorandum to issue up to Ten Million Dollars (“\$10,000,000.00”) principal amount of Convertible Notes through a private offering to both Accredited and Sophisticated Investors. 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 the Corporation’s “Series A” 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 (“Prepayment Option”) upon delivery of notice (“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.

In connection with the offering, a finder's fee may be paid consisting of a cash commission of up to 10% of the gross proceeds. Net proceeds of the financings will be used for strategic acquisitions, business development and for working capital purposes.

3. On July 4th, 2016 The Corporation has closed the first tranche of its non-brokered private placement raise. In total, Sixty-Five Thousand, Five Hundred Dollars (“\$65,500.00”) was raised via the sale of via the sale of Six Thousand, Five Hundred and Fifty (“6,650”) 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 placement.
4. On July 11, 2016, In connection with the acquisition of 57 Wellington St., the Corporation has granted 200,000 stock options at \$0.10 to officers who have provided personal guarantees for the above noted mortgage. The options granted are not subject to any vesting restrictions and each option is exercisable for a five year period.

Additional Information

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