



*Providing the capital to ignite something beautiful!*

**NOTICE OF THE ANNUAL GENERAL MEETING OF  
SHAREHOLDERS AND INFORMATION CIRCULAR**





## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders (the "Meeting") of **GUNPOWDER CAPITAL CORP.** (the "Corporation") will be held at 8 King Street East, Suite 1005, Toronto, Ontario, M5C 1B5 on Friday, September 14th, 2018, at the hour of 11:00 a.m. EDT / Toronto Time, for the following purposes:

1. To receive and consider the financial statements of the Corporation for the financial year ended December 31<sup>st</sup>, 2017 together with the report of the auditors thereon;
2. To appoint Auditors of the Corporation for the ensuing year;
3. To re-approve the Corporation's incentive Stock Option Plan in the form attached as Schedule "A" to the accompanying information circular; and;
4. To elect Directors of the Corporation for the ensuing year;
5. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Meeting is the form of proxy.

Shareholders who are unable to attend the Meeting in person are requested to read the information on the reverse of the enclosed form of proxy and then to complete, date, sign and deposit the form of proxy in accordance with the instructions set out in the proxy and in the online Information Circular.

It should be noted that the Corporation has implemented the Shareholder approved "Notice and Access" Resolution which gives the Corporation the ability to provide Shareholders access to the full version of the Information Circular, 2017 Audited Financial Statements and Accompanying Management Discussion and Analysis electronically vs. printing the materials.

The aforementioned documents can be viewed, and downloaded, by visiting the homepage of the Corporation's corporate website [www.gunpowdercapitalcorp.com](http://www.gunpowdercapitalcorp.com) up until the day of the meeting.

Shareholders can still request that the Corporation sends them a printed copy of the aforementioned documents by e-mailing their request, complete with their first and last name and mailing address, to [agm@gunpowdercapitalcorp.com](mailto:agm@gunpowdercapitalcorp.com) with the subject line stating "Please send me printed AGM materials."

### BY ORDER OF THE BOARD

(signed) "Frank Kordy"  
Frank Kordy  
Director, CEO and Secretary



## MANAGEMENT INFORMATION CIRCULAR

As At July 30<sup>th</sup>, 2018

### **GENERAL INFORMATION RESPECTING THE MEETING**

**Solicitation of Proxies** This management information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by the management of Gunpowder Capital Corp. ("GPC" or the "Corporation") for use at the Annual General meeting (the "Meeting") of the shareholders of GPC to be held on the 14<sup>th</sup> day of September 2018 at 11:00 a.m. (Toronto time) at 8 King Street East, Suite 1005, Toronto, Ontario, M5C 1B5, and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Meeting. Instruments of proxy must be received by the Corporation at the office of its transfer agent, TSX Trust, at 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1 not less than forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, (determined to be 11:00 a.m. September 12<sup>th</sup>, 2018) before the time set for the holding of the Meeting or any adjournment(s) thereof. The instruments of proxy must be in writing and must be executed by the shareholder or such shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed instruments of proxy are either representatives or directors/officers of GPC. Each shareholder has the right to appoint a proxyholder other than the persons designated in the accompanying instrument of proxy furnished by GPC, who need not be a shareholder, to attend and act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the persons designated by management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.**

### **Notice and Access**

The Corporation has elected not to send Meeting Materials (as hereinafter defined) to registered holders or Beneficial Shareholders (as hereinafter defined) of the common shares of the Corporation using the new notice-and-access delivery procedures defined under National Instrument 54-101 – "Communication with Beneficial Owners of Securities of a Reporting Issuer" ("NI 54-101") and National Instrument 51-102 – "Continuous Disclosure Obligations".

### **Revocability of Proxy**

#### *Registered Shareholders*

Registered shareholders may vote their common shares by attending the Meeting in person or by completing the enclosed proxy. A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or such shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the office of the Corporation's transfer agent, TSX Trust, at 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting prior to voting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

#### *Persons Making the Solicitation*

**The solicitation is made on behalf of the management of the Corporation.** The cost of solicitation by management will be borne by the Corporation. As well, proxies will be solicited by mail and may also be solicited personally or by telephone by the directors or officers of GPC, who will not be specifically remunerated therefore. GPC may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of GPC (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Meeting and instrument of proxy to the beneficial owners of such securities. GPC will provide, without cost to such persons, upon request to GPC, additional copies of the foregoing documents required for this purpose.

### Exercise of Discretion by Proxy

The shares represented by the instrument of proxy enclosed with the accompanying Notice of Meeting and this Information Circular will be voted in accordance with the instructions of the shareholder, **but if no specification is made, the shares will be voted for the matters stated in the Notice of Meeting. If any amendments or variations are proposed at the Meeting or any adjournment thereof to matters set forth in the proxy and described in the accompanying Notice of Meeting and this Information Circular, or if any other matters properly come before the Meeting or any adjournment thereof, the proxy confers upon the shareholder's nominee discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the person voting the proxy at the Meeting.** At the date of this Information Circular, management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

### Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many public shareholders of the Corporation, as a substantial number of the public shareholders of the Corporation do not hold shares in their own names. Shareholders who do not hold their shares in their own names (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of the shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions Canada (formerly ADP Investor Communications) ("Broadridge"). Broadridge typically applies a decal to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with a Broadridge decal on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted. Since only registered shareholders and their proxies can vote at the Meeting, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

### INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any person who has held such a position since incorporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and the appointment of the auditor as set out herein.

### VOTING SHARES AND PRINCIPAL SHAREHOLDERS

Each holder of common shares of record at the close of business on Monday July 30<sup>th</sup> 2018 (the "Record Date") will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy, except to the extent that such holder has transferred any shares after the Record Date and the transferee of such share establishes proper ownership thereof and demands, not later than ten days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee is entitled to vote.

As of the Record Date, the Corporation had 31,510,256 issued and outstanding common shares. Each common share carries the right to one vote. Since December 7<sup>th</sup>, 2015, the outstanding common shares of the Corporation have been continuously listed and posted for trading on the Canadian Securities Exchange.

To the best knowledge of the Directors and Senior Officers of the Corporation, as of the Record Date, no other person or company beneficially owns, or controls or directs, directly or indirectly, 10% or more of any class of voting securities of the Corporation.

As of the Record Date, the Directors and Senior Officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 1,928,500 common shares, representing approximately 6.1% of the outstanding common shares.

Name of Shareholder	Position with Corporation	Number of Common Shares Held	% of Issued & Outstanding Common Shares
Frank Kordy	Director	140,000	0.5%
Steve Mlot	Director	438,500	1.4%
Paul Haber	CFO	1,350,000 (1)	4.2%

(1) This figure also includes 800,000 common shares held directly through BlackBirch Capital Corp., a company of which Mr. Haber is a director, officer and shareholder of.

#### **QUORUM**

A quorum will be present at the Meeting if there are at least two persons present, each of whom is either a shareholder entitled to attend and vote at the Meeting or the proxyholder of a shareholder appointed by means of a valid proxy, holding or representing by proxy not less than 10% of issued and outstanding common shares of GPC.

## MATTERS TO BE ACTED ON AT THE MEETING

The Meeting has been called for the shareholders to consider and, if thought appropriate, to pass resolutions in relation to each of the following matters.

### 1) Financial Statements

The shareholders will receive and consider the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2017 together with the report of the auditors thereon.

### 2) Appointment of Auditors

Management recommends the appointment of UHY McGovern, Hurley, Cunningham LLP Chartered Professional Accountants ("UHY"), of Toronto, Ontario, as auditor of the Corporation to hold office until the close of the next annual meeting of the shareholders. UHY was first appointed as auditor of the Corporation on February 6<sup>th</sup>, 2017.

**Shares represented by proxies in favor of the management nominees will be voted in favor of the appointment of UHY as auditor of the Corporation and authorizing the directors of the Corporation to fix their remuneration, unless a shareholder has specified in his proxy that his shares are to be withheld from voting on the appointment of auditors.**

#### Audit Fees

The aggregate fees billed over the last five fiscal years by the Corporation's external auditors for professional services rendered for the audit of the consolidated financial statements of the Corporation and its subsidiaries is stated below:

Fiscal 2018 - \$33,400.00 was invoiced to complete the Corporation's 2017 Audited Statements  
Fiscal 2017 - \$30,000.00 was invoiced to complete the Corporation's 2016 Audited Statements.  
Fiscal 2016 - \$22,000.00 was invoiced to complete the Corporation's 2015 Audited Statements.  
Fiscal 2015 - \$10,000.00 was invoiced to complete the Corporation's 2014 Audited Statements.  
Fiscal 2014 - \$15,000.00 was invoiced to complete the Corporation's 2013 Audited Statements.

UHY McGovern, Hurley, Cunningham LLP., conducted and completed the audits for fiscal 2017 & 2016  
Ross Pope and Company conducted and completed the audits for fiscal 2013 to 2015.

The rise in fee's incurred that occurred to complete the 2016 Audited Financial Statements are attributed to the change in business from "Mining" into "Merchant Banking" the Corporation undertook in fiscal 2016. Furthermore, prior to fiscal 2016, the Corporation had very minimal business activity, and total revenue generation was NIL, which minimized the costing of prior audits.

The fees incurred to complete the 2016 & 2017 Audits are comparable to that of other publicly traded entities that are similar in asset size to Gunpowder Capital Corp.

#### Audit Related Fees

The aggregate fees (including reimbursed expenses) billed by the Corporation's external auditors for services related to the audit or review the Corporation's financial statements were Nil in the fiscal year ended December 31, 2017, Nil in the fiscal year ended December 31, 2016, Nil in the fiscal year ended December 31, 2015, Nil in the fiscal year ended December 31, 2014, and Nil in the fiscal year ended December 31, 2013.

#### Tax Fees

The aggregate fees (including reimbursed expenses) billed by the Corporation's external auditors for the preparation of corporate tax returns, tax compliance, tax advice and tax planning services were \$5,500.00 in fiscal year ended December 31, 2017.

#### All Other Fees

The aggregate fees, including expenses reimbursed, billed by the Corporation's external auditors for services rendered to the Corporation and its subsidiaries, other than the services described above, were \$Nil for fiscal 2018, Nil in fiscal year ended December 31, 2017, Nil in fiscal year ended December 31, 2016, were Nil in fiscal year ended December 31, 2015, were Nil in fiscal year ended December 31, 2014, \$Nil in the fiscal year ended December 31, 2013.

### 3) Stock Option Plan

In accordance with the requirements of the Exchange, shareholders will be asked to approve the Corporation's Stock Option Plan, pursuant to which the directors of the Corporation are authorized to grant options for up to 10% of the issued and outstanding Common Shares from time to time.

The following information is intended to be a brief description of the provisions of the Corporation's Stock Option Plan and is qualified in its entirety by the full text of the Corporation's Stock Option Plan which is attached as Schedule "A" to this Circular.

The Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange policies and requirements, grant to directors, officers, employees and technical consultants of the Corporation nontransferable options to purchase Common Shares for a period as determined by the Board, such period not to exceed ten years from the date of the grant. In addition, the aggregate number of Common Shares reserved for issuance to any one optionee (other than a technical consultant) in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares at the date of grant, and the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one technical consultant in any 12 month period may not exceed 2% of the issued and outstanding Common Shares at the date of the grant.

If an optionee ceases to be a director, officer, employee or technical consultant of the Corporation for any reason other than death, the optionee may exercise options no later than 90 days following cessation of the optionee's position or arrangement with the Corporation, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

#### **Approval of the Corporation's Stock Option Plan**

In order to be effective, and to receive annual Exchange approval, the Corporation's Stock Option Plan must receive the approval of a simple majority of votes cast at the Meeting. If shareholder approval of the Corporation's Stock Option Plan is obtained, any options granted or amendments made to options previously granted pursuant to the Corporation's Stock Option Plan will not require further shareholder approval although notice of options granted under the Corporation's Stock Option Plan must be given to the Exchange. Accordingly, the Corporation requests that the shareholders pass the following resolution:

##### **"BE IT RESOLVED THAT:**

- 1) The stock option plan of the Corporation substantially in the form attached at Schedule "A" to the Information Circular of the Corporation dated December 28, 2015 (the "Stock Option Plan"), be and the same is hereby ratified, confirmed and approved as the stock option plan of the Corporation;
- 2) Any director or officer be and is hereby authorized to amend the Stock Option Plan of the Corporation should such amendments be required by applicable regulatory authorities including, but not limited to, the Canadian Securities Exchange; and
- 3) Any one director or officer of the Corporation be and is hereby authorized, on behalf of and in the name of the Corporation to take any and all other necessary steps and proceedings, to execute, deliver and to file any and all declarations, agreements, documents and other instruments and to do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to these resolutions and the intent thereof."

The Board believes the Stock Option Plan is fair and reasonable to the shareholders and in the best interests of the Corporation. Management of the Corporation recommends that shareholders vote IN FAVOUR of the foregoing resolution to approve the Stock Option Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote in favour of the foregoing resolution.

#### **4) Election of Directors**

The board of GPC is a variable board consisting of not fewer than three and not more than six directors. The articles of the Corporation authorize the board to fix the number of directors subject to the requirements of the Business Corporations Act (Ontario). The board has determined that the number of directors constituting the board shall be set at three. Shareholders will be asked to elect three directors at the Meeting, with three board seats remaining vacant.

The following information relates to the election of directors of the Corporation and to the persons nominated for election as directors. Management proposes that each of the persons named below be nominated at the Meeting for re-election or election, as the case may be, as directors of the Corporation to serve, subject to the approval of The Canadian Securities Exchange (the "CSE"), until the next annual meeting of shareholders of the Corporation or until his or her successor is elected or appointed. Management does not contemplate that any of the nominees will be unable to serve as a director.

**However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Shares represented by proxies in favour of management nominees will be voted for the election of all of the nominees whose names are set forth below, unless a shareholder has specified in his proxy that his shares are to be withheld from voting on the election of directors.**

The following table and the notes thereto state the names of all persons to be nominated for election as directors, all other positions or offices with the Corporation now held by them, their principal occupations or employment, the year



in which they become directors for the Corporation, the approximate number of common shares beneficially owned, or controlled or directed, directly or indirectly, by each of them, as of the date hereof, and the number of options to acquire common shares held by each of them as of the date hereof.

Name, Residence & Position with the Corporation	Director Since	# of Shares Beneficially Held Directly or Indirectly, over which Control or Direction is Exercised	# of Options
Steve Mlot (1) Toronto, Ontario Director	Jan, 2014	438,500	50,000
Dan Collia (1) Toronto, Ontario Director	Mar, 2015	Nil	50,000
Frank Kordy (1) Toronto, Ontario Interim CEO & Director	Dec, 2013	140,000	150,000

Notes:

(1) Member of the Audit Committee.

#### Mr. Frank Kordy

Mr. Kordy currently serves as the CEO, Secretary and as a Director of Gunpowder Capital Corp., (CSE: GPC), (CSE: GPC.PR.A), (OTCQB: GNPWF). Concurrently, Mr. Kordy also serves as the Secretary and as a Director of Advantagewon Oil Corp., (CSE: AOC), (OTCQB: ANTGF) and as the Interim CFO & Secretary of Meryllion Resources Corp., (CSE:MYR). Since 1997, Mr. Kordy has assisted numerous publicly traded companies in both Canada and the United States with their corporate communication, corporate disclosure, corporate financing, marketing and investor relations endeavors. Mr. Kordy has successfully assisted several companies with their Canadian "go public" mandates. Furthermore, Mr. Kordy assists Canadian listed companies in gaining access to the U.S. capital trading markets by providing them guidance and navigating them through the OTC Markets listing process.

#### Mr. Dan Collia

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.

#### Mr. Stephen G. Mlot

Mr. Mlot has 35 years of experience at senior levels of corporate management, mine planning and construction, project management and mine development, and gold production. A result-oriented team leader with proven problem solving and decision making skills, he has an established track record of moving prospective mineral projects from the concept stage, through to the advanced exploration and resource definition stage, onto pre-feasibility, then feasibility and production and then finally to mine closure. He has held posts as President & CEO of Carlisle Goldfields Limited (TMX:CGJ), as President, Director and Chief Operating Officer 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. Furthermore, since April of 2016, Mr. Mlot has been serving as both Chief Operating Officer, and as a Director of Millstream Mines Ltd. (TSXV: MLM).

#### Orders, Penalties and Bankruptcies

To the best knowledge of the Corporation, as of the date hereof, no director to be nominated for election at the Meeting:

- is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any other company (not including the Corporation) that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
  - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

except as follows:

On May 8<sup>th</sup>, 2014, Silver Shield Resources Corp., received a Cease Trade Order from the British Columbia Securities Commission, and on May 20<sup>th</sup> 2014 the Corporation received a Cease Trade Order from the Ontario Securities Commission and on June 19<sup>th</sup>, 2014 the Corporation received a Cease Trade Order from Alberta Securities Commission ("ASC"). The three Cease Trade Orders were issued for the following violations:

- (i) The Corporation failed to file its audited annual financial statements for the year ended December 31, 2013;
- (ii) The Corporation failed to file management's discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2013;
- (iii) The Corporation failed to file the certification of the foregoing filings as required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings;

As At May 8<sup>th</sup>, 2014, both Messrs. Kordy & Mlot were Directors of Silver Shield Resources Corp., and Mr. Kordy was also serving in the capacity of an Officer of Silver Shield Resources Corp.

As of May 8<sup>th</sup>, 2015, the Corporation had filed all outstanding continuous disclosure documents required to be filed under Ontario Securities Law, and the Corporation is currently up-to-date in all of its required disclosure filings. As a result of this, on May 8<sup>th</sup>, 2015 the Ontario Securities Commission, British Columbia Securities Commission and Alberta Securities Commission have granted a full revocation of the cease trade orders (the "CTOs") that were previously filed against the Corporation that Messrs. Kordy & Mlot were Directors of, and are currently Directors of.

- is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while such nominee was acting in that capacity, or within a year of such nominee ceased to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee. For the purposes of the above section, the term "order" means: (a) a cease trade order;(b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days. To the knowledge of the Corporation, as of the date hereof, no director nominated for election at the Meeting has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body.

#### EXECUTIVE COMPENSATION

Summary Compensation Table for Named Executive Officers The following table, presented in accordance with applicable securities laws, sets forth all compensation paid in respect of the individuals who were, December 31, 2017, the Chief Executive Officer, the Chief Financial Officer and the next three mostly highly compensated executive officers of the Corporation (collectively the "**Named Executive Officers**") whose total salary and bonus were in excess of \$150,000 per annum. Securities legislation provides that the Named Executive Officers are determined on the basis of the total cash compensation (salary and annual bonus) earned in the fiscal year ended December 31, 2017.

Name and Principal Position	Fiscal Year	Salary	Bonus	Other Annual Compensation	Securities Under Options Granted	Other Compensation
Frank Kordy CEO	2017	\$60,000	\$10,000	\$0 / Nil	NIL	\$0 / Nil
Paul Haber CFO	2017	\$117,000	\$25,000	\$0 / Nil	200,000	\$0 / Nil

#### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan that the Corporation has in place is the Stock Option Plan dated for reference Feb 29<sup>th</sup>, 2016. The Stock Option Plan provides that the Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase common shares, provided that the number of

common shares reserved for issuance, will not exceed 10% of the issued and outstanding common shares. The following table sets out Stock Option Plan information as at the end of the financial year ended December 31, 2017.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) - (c)
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Equity compensation plans approved by security holders (1)	2,250,000	0.11	841,025
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Note:

(1) The current Stock Option Plan was originally approved by the Board of Directors, and by the Shareholders of Silver Shield Resources Corp., effective Feb 29<sup>th</sup>, 2016. The stock option plan was also approved by the Shareholders of the Corporation at the 2016 and 2017 AGM's.

### STATEMENT OF CORPORATE GOVERNANCE MATTERS

Board of Directors National Instrument 58-101 Disclosure of Corporate Governance Practices ("**NI 58-101**") defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment. The Board is currently comprised of three members, the majority of whom the Board has determined are "independent" directors within the meaning of NI 58-101.

Frank Kordy is not considered "independent" as the result of Mr. Kordy's position as Chief Executive Officer of the Corporation. The remaining directors are considered to be independent directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2017, none of the independent directors have worked for the Corporation, received remuneration from the Corporation or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation. The Board believes that it functions independently of management. To enhance its ability to act independent of management, the members of the Board may meet in the absence of members of management and the non-independent directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The Board did not hold any meetings of the independent directors during the fiscal year ended December 31, 2017.

### Other Reporting Issuer Directorships

As At the date of filing of this Information Circular Mr. Steve Mlot was serving as a Director for Millstream Mines Ltd. (TSXV:MLM).

As At the date of filing of this Information Circular Mr. Frank Kordy was serving as Corporate Secretary and as a Director for Advantagewon Oil Corp., (CSE:AOC), (OTCQB: ANTGF).

### Orientation and Continuing Education

Corporate governance relates to the activities of the Board, the members of which are elected by and accountable to the shareholders, and accounts for the role of management who are appointed by the Board and charged with the day-to-day management of the Corporation. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation, and the Board has therefore formed a Corporate Governance and Nominating Committee ("**CG&N Committee**") to oversee the Corporation's operations as they relate to corporate governance matters. The CG&N Committee is currently composed of the following three members: Steve Mlot and Dan Colliia, and one vacancy the majority of whom are independent directors.

The CG&N Committee is responsible for producing a director's manual to use in the orientation program for new Board members. In addition, information such as recent annual reports, prospectuses, proxy solicitation materials, various other operating and budget reports and board and committee mandates are provided to new Board members to ensure that they are familiar with the Corporation's business and the procedures of the Board. Furthermore, directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

### Ethical Business Conduct

Ethical business behavior is of great importance to the Board and the management of the Corporation. The Corporation has instituted a policy on insider trading, a comprehensive code of business ethics and conduct, as well as a whistleblower policy for all staff and personnel to report any fraudulent or illegal acts on an anonymous basis directly to the Audit Committee chair. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar activities, board members are required to comply with the conflict of interest provisions of the OBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings that involve such conflicts.

### **Nomination of Directors**

The CG&N Committee is responsible for reviewing the composition, compensation and contribution of the Board and its members and recommending Board nominees. While there are no specific criteria for Board membership, the CG&N Committee attempts to attract directors with business knowledge in areas such as mining, accounting and finance who may provide insights that will assist in guiding the management of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the members of the CG&N Committee prior to consideration by the Board as a whole.

### **Committees**

In addition to the CG&N Committee and Compensation Committees, the Board also has an Audit Committee. (See "Audit Committee Information" below.)

### **Assessment of Board Performance**

As noted above the CG&N Committee is responsible for reviewing the contribution and effectiveness of the Board, its committees and its members. The CG&N Committee:

(a) reviews and reports to the Board annually on the size, composition and profile of the Board (age, geographical representation, disciplines, related vs. unrelated, etc.). In its review of the size of the Board, the Committee will evaluate the impact of the number of Board members upon its effectiveness and, if required, implement a program to modify the number of directors to facilitate more effective decision-making;

(b) reviews annually the continued compliance by nominees to the Board to be named in the management proxy circular for re-election with the criteria underlying the appointment of each director;

(c) reviews annually: (i) compliance by Board members with the Corporation's policy on conflicts of interest; (ii) the status and contribution of members of the Board and committees of the Board; and (iii) the performance of the Board and its committees, and reports to the Board thereon; and

(d) reviews annually the Board/management relationship and recommends to the Board structures and procedures to ensure that the Board can continue to function independently of management.

### **AUDIT COMMITTEE INFORMATION**

The Audit Committee is responsible for the Corporation's financial reporting process and the quality of its financial reporting. In addition to its other duties, the Audit Committee reviews all financial statements, annual and interim, intended for circulation among shareholders and reports upon these to the Board. In addition, the Board may refer to the Audit Committee other matters and questions relating to the financial position of the Corporation. In performing its duties, the Audit Committee maintains effective working relationships with the board, management and the external auditors and monitors independence of those auditors. The Audit Committee has formally adopted an Audit Committee charter, which sets forth purposes of the Audit Committee and guidelines for its practices. The full text of the Audit Committee Charter is annexed hereto as Schedule "B". The members of the 2015 Audit Committee were Messrs. Stephen Mlot, Frank Kordy and Dan Collia, all of whom are financially literate. Mr. Mlot and Collia are independent of management. Consequently, the composition of the Audit Committee complies with the provisions of Multilateral Instrument 52-110 "Audit Committees" ("MI 52-110") of the Canadian Securities Administrators.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS** Since the beginning of the last completed financial year and up to the date hereof, no director, executive officer or employee or former executive officer, director or employee of the Corporation or any of its subsidiaries has been indebted to the Corporation.

### **MANAGEMENT CONTRACTS**

In October of 2015, Mr. Kordy had entered into an employment contract with the Corporation. In December of 2015, Mr. Haber entered into an employment contract with the Corporation which was revised in February of 2017.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth below, for the fiscal year ended December 31, 2017 and for the period from January 1, 2018 to the date hereof, "informed persons" (as such term is defined in National Instrument 51-102) of the Corporation, proposed directors and associates and affiliates of any such persons did not have an interest in any transactions or proposed transactions which have materially or would materially affect the Corporation.

The Corporation completed its qualifying transaction on December 14, 2007 by way of a three cornered amalgamation among Gemini, 2139711 Ontario Limited (a wholly-owned subsidiary of Gemini), and Silver Shield Resources Inc. Mr. Steve Mlot, current Director of the Corporation was a significant shareholder of Silver Shield Resources Inc. prior to

closing of the qualifying transaction. For further details regarding the qualifying transaction, please see the Corporation's filing statement dated November 5, 2007.

The Corporation received its Articles of Amendment to complete its shareholder approved corporate name change from "Silver Shield Resources Corp.," to "Gunpowder Capital Corp.," on May 16<sup>th</sup>, 2016.

**REGISTRAR AND TRANSFER AGENT**

TSX Trust, at Suite 300, 200 University Ave, Toronto, ON M5H 4H1, is the registrar and transfer agent for the Corporation's common shares.

**OTHER MATTERS**

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matter properly comes before the Meeting, the forms of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis. Copies of the Corporation's financial statements and management discussion and analysis may be obtained, without charge, upon request to the Corporate Secretary at Gunpowder Capital Corp., 8 King Street East, Suite 1005, Toronto, Ontario, M5C 1B5.

**APPROVAL OF DIRECTORS**

The contents, and the sending, of this Information Circular have been approved by the directors of the Corporation.

**DATED at Toronto, Ontario this 30<sup>th</sup> day of July 2018.**

(signed) "Frank Kordy"

Frank Kordy  
Director, Secretary and CEO

**SCHEDULE "A"**  
**GUNPOWDER CAPITAL CORP.**  
**STOCK OPTION PLAN**



## GUNPOWDER CAPITAL CORP STOCK OPTION PLAN

### 1. THE PLAN

Gunpowder Capital Corp. (the "**Corporation**") has established a stock option plan (the "**Plan**") for *bona fide* Directors, Employees and Consultants of the Corporation (collectively, the "**Admissible Persons**"), to purchase authorized but unissued common shares of the Corporation (the "**Common Shares**") on the terms and conditions hereinafter set out. The board of directors of the Corporation (the "**Board of Directors**") may appoint a committee to administer the Plan (the "**Committee**"). In the event such a Committee is not appointed by the Board of Directors, then the Board of Directors shall, for the purposes herein, be deemed to constitute the Committee.

### 2. PURPOSE

The purpose of the Plan is to encourage the participation of the Admissible Persons in the Corporation's growth and development by providing them, through the grant of options exercisable for Common Shares (the "**Options**"), with the opportunity to acquire or increase a financial interest in the Corporation.

### 3. DEFINITIONS

All capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Canadian Securities Exchange ("**CSE**").

### 4. GRANT OF OPTIONS

The Committee may, from time to time, in its discretion, grant to any Admissible Person (the "**Optionee**"), the irrevocable (subject to the terms hereof) option to acquire Common Shares (the "**Optioned Shares**") upon and subject to such terms, conditions and limitations as are herein contained and as the Committee may from time to time determine with respect to each Option. The Options may be granted to a holding corporation that is wholly-owned and controlled by the Optionee. Notwithstanding the foregoing, the exercise of any Option granted hereunder is subject to the vesting provisions contained in Section 9 hereof. The Committee may impose performance thresholds, which thresholds will need to be met prior to vesting of any Options granted.

Subject to the Plan, the Committee may impose limitations, restrictions and conditions, in addition to those set out in the Plan, that are applicable to the exercise of an Option including, without limitation, the nature and duration of any restrictions applicable to a sale or other disposition of Optioned Shares acquired upon exercise of an Option and the nature of events, if any, that may cause any Optionee's rights in respect of Optioned Shares acquired upon exercise of an Option to be forfeited and the duration of the period of such forfeiture.

The granting of any Option to an Optionee does not confer upon the Optionee any right to continue in the employment of the Corporation or as a member of the Board, as the case may be, nor does it interfere in any way with the rights of the Optionee or of the Corporation's rights to terminate the Optionee's employment at any time or of any shareholder's right to nominate or elect one or more Directors of the Corporation.

For options granted to Employees, Consultants or Management Company Employees, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

## 5. AUTHORIZED SHARES PURSUANT TO THE PLAN

Subject to adjustment as provided in Section 13 hereof, the aggregate number of Optioned Shares to be delivered upon the exercise of all Options granted under the Plan shall not exceed 10% of the outstanding listed Common Shares at the time of grant. If any Option granted hereunder is cancelled, expires or terminates for any reason without having been exercised in full, the unpurchased Optioned Shares subject thereto shall again be available for the purposes of the Plan.

The allotment of the Common Shares and the Corporation's obligation to issue Common Shares pursuant to the Plan are subject to the following conditions:

- (a) Subject to subsections 5(b) and 5(c) hereof, no Optionee may be granted Options to acquire more than 5% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period unless the Corporation has obtained disinterested shareholder approval in connection therewith;
- (b) No Consultant Optionee may be granted Options to acquire more than 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period; and
- (c) The aggregate number of Options granted to Employee Optionees conducting investor relations activities shall not exceed 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period.

## 6. OPTION PRICE

The purchase price of the Common Shares, upon exercise of each Option granted under the Plan, (the "**Option Price**") shall be a price fixed for such Option by the Committee upon grant of each such Option provided that such Option Price shall not be lower than the Discounted Market Price at the time of grant. In the event that the Corporation proposes to reduce the Option Price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the Option Price reduction.

The allotment of the Common Shares and the Corporation's obligation to issue Common Shares pursuant to the Plan are subject to the Corporation having obtained the required authorizations from the regulatory authorities pertaining to the allotment of the Options or to the issuance and distribution of the Optioned Shares and the listing of the Optioned Shares on the CSE. The Corporation undertakes to use its best efforts to obtain all the required approvals to give effect to the Plan.

## 7. METHOD OF EXERCISE OF OPTION

Each Option or part thereof may be exercised by the Optionee, or his or her heirs or legal personal representatives, by giving notice in writing in the form annexed hereto as Schedule "A" hereto addressed to the Corporation at its head office in Toronto, Ontario, and delivered or mailed by registered mail to the Chief Financial Officer of the Corporation. Such notice shall specify the number of Optioned Shares with respect to which the Option is being exercised and shall be accompanied by payment in full, by certified cheque or other form of payment acceptable to the Corporation, of the aggregate Option Price for such number of Optioned Shares so specified therein.

Upon any such exercise of an Option as aforesaid, the Corporation shall forthwith deliver or, as applicable, cause the transfer agent and registrar of the Corporation to deliver to the Optionee, or to his legal personal representatives or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Common Shares as the Optionee or his or her heirs or legal personal representatives shall have then paid for. Notwithstanding the foregoing, no Option shall be exercisable unless the Corporation shall be satisfied that the issuance of Optioned Shares, upon exercise thereof, will be in compliance with the applicable laws of Canada or any province therein and the rules of the CSE. Upon receipt of payment in full, the number of Optioned Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable.

No fractional Common Shares shall be issued upon the exercise of Options. If an Optionee otherwise becomes entitled to a fractional Common Share upon exercise of an Option, such Optionee shall only have the right to purchase the next lowest whole number of Common Shares and no payment or adjustment shall be made with respect to the fractional interest so disregarded.



The exercise of each Option granted under this Plan is subject to the condition that if at anytime the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Optionee pay to the Corporation, in addition to and in the same manner as the Option Price for the Optioned Shares, such amount that the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Optionee for tax purposes.

## **8. TERM**

Each Option, unless sooner terminated in accordance with the terms, conditions and limitations thereof, or unless sooner exercised, shall expire at 5:00 p.m. (Toronto time) on the date ("**Expiry Date**") determined by the Board of Directors or by the Committee when the Option is granted or, failing such determination and in any event, not later than that date which is 10 years after the grant of the Option.

Subject to the rules, policies or regulations of the CSE, in the event that the expiry of an Option occurs during a blackout period imposed by management, by the Board of Directors or by the Committee in accordance with the Corporation's insider trading policy, if any, the expiry date of such Option shall be deemed to be amended to that date which is seven business days following the end of such blackout period.

## **9. VESTING**

Subject to the rules, policies or regulations of the CSE, the Board may, in its sole discretion, determine the time during which each Option shall vest and the method of vesting, or that no vesting restriction shall exist.

## **10. CEASING TO BE AN ADMISSIBLE PERSON, AND DEATH OF ADMISSIBLE PERSON**

Subject to this Section 10 or the terms of the applicable stock option agreement, in the event that an Optionee ceases to be an Admissible Person for any reason other than death, including the resignation, retirement or termination of employment of the Optionee, each Option held by the Optionee (or their wholly-owned holding company) may be exercised to the extent that each Option was entitled to be exercised at the date of such cessation, at any time up to and including the earlier of: (a) the close of business on the expiration date of the Option; and (b) a date that is ninety days (or such other period as may be determined by the Committee, provided that such period is not more than one year) following the effective date of such resignation, retirement or termination, after which date each Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

The date the Optionee ceases to be an Admissible Person, in the case of termination of employment with the Corporation, shall be the last day upon which the employee provides services to the Corporation at its premises and not the last day of any notice period or upon which the Corporation pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

In the event of the death of an Admissible Person on or prior to the Expiry Date, such Options held by the Admissible Person (including Options held by a holding corporation that is wholly-owned and controlled by the Admissible Person) may be exercised as to such of the Common Shares in respect of which such Options have not previously been exercised (and as the Optionee would have been entitled to purchase), by the legal personal representatives of the Admissible Person at any time up to and including (but not after) a date one year from the date of death of the Admissible Person, after which date each Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

For greater certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a Director of the Corporation provided that the Optionee continues to be an Admissible Person.

## **11. ISSUE OF COMMON SHARES**

No Optionee shall have any of the rights of a shareholder with respect to any Optioned Shares until the Optioned Shares have been paid for in full and issued to him or her.

## 12. TRANSFERABILITY AND ASSIGNMENT

Subject to the provisions of this Section 12, Options are personal to the Optionee. No Optionee may deal with any Option or any interest in it or Transfer any Option now or hereafter held by the Optionee except in accordance with the Plan. A purported Transfer of any Option in violation of the Plan will not be valid and the Corporation will not issue any Optioned Shares upon the attempted exercise of an improperly Transferred Option. No Option shall be Transferable or assignable other than by will or the laws of succession and distribution.

For the purposes of this Section 12, "**Transfer**" means any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which, directly or indirectly, possession, legal title or beneficial ownership passes from an Optionee to another person, or to the Optionee in a different capacity, whether or not voluntary or by operation of law and whether or not for value, and any agreement to effect any of the foregoing; and the words "**Transferred**", "**Transferring**", "**Transferrable**" and similar words have corresponding meanings; and

## 13. ALTERATION OF NUMBER OF SHARES SUBJECT TO THE PLAN

The number of Common Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of Common Shares of the Corporation, and in any such event a corresponding adjustment shall be made changing the number of shares deliverable upon the exercise of any Option theretofore granted without change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Optioned Share. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under the Plan and to prevent their dilution or enlargement.

## 14. TERMINATION

Notwithstanding any vesting schedule determined in accordance with Section 9 hereto or any other provision of this Plan, in the event that the Corporation or its shareholders receive and accept an offer to acquire all of the shares or substantially all of the assets of the Corporation, whether effected through an acquisition for cash or securities, and whether structured as a purchase, amalgamation, merger, arrangement, reorganization or other business combination (in each case, a "**Sale Transaction**"), the Committee may, in its sole discretion, deal with the Options issued under the Plan in the manner it deems fair and reasonable in light of the circumstances of the Sale Transaction provided all Optionees to whom Options have been granted under the Plan and remain outstanding are treated similarly. In this regard, in the event of a proposed Sale Transaction, the Committee may, in its sole discretion, by written notice (the "**Notice**") to any Optionee, accelerate the vesting of some or all the Options such that such Options become immediately fully vested. In such circumstances, the Committee may by written notice compel the Optionee to exercise his or her Options within 30 days of the date of such written notice to exercise, failing which the Optionee's right to purchase Optioned Shares under such Options lapses. In addition, and without limiting the generality of the foregoing, in connection with a Sale Transaction, the Committee may, without any action or consent required on the part of any such Optionee, (i) deem any or all Options (vested or unvested) under the Plan to have been exercised and the Optioned Shares to have been tendered to the Sale Transaction, (ii) apply a portion of the Optionee's proceeds from the closing of the Sale Transaction to the Option Price payable by that Optionee for the exercise of his or her Options, (iii) cancel the Options and pay to an Optionee the amount that the Optionee would have received, after deducting the Option Price of the Options, had the Options been exercised, (iv) exchange Options, or any portion of them, for options to purchase shares in the capital of the acquiror or any corporation which results from an amalgamation, merger or similar transaction involving the Corporation made in connection with the Sale Transaction, or (v) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

If the proposed Sale Transaction is not completed within 180 days after the date of Notice, any affected Optionee, within a period of 10 days following the 180-day period, may elect to cancel an exercise pursuant to the Notice. In respect of any Optionee who makes this election, the Corporation will return to the Optionee all rights under such Optionee's Options as if no exercise had been effected, subject to the appropriate adjustment of accounts to the position that would have existed had there been no exercise of Options.

The Committee may at any time terminate the Plan with respect to Common Shares not being, at that time, Optioned Shares, and the Committee may at any time amend any provision of the Plan subject to obtaining the necessary approval of the CSE and any other applicable regulatory authorities, provided that any such amendment shall not adversely affect or impair any Option previously granted to an Optionee under the Plan, without its consent.

#### **15. ADMINISTRATION**

Within the limitations set forth in the Plan, the Committee is authorized to provide for the grant, vesting, exercise and method of exercise of Options, on such terms (which may vary as between Options) as it shall determine. All decisions and interpretations made by the Committee shall be binding and conclusive on the Corporation and all Admissible Persons who participate in the Plan. With respect to the Plan and to its administration, time shall be of the essence.

With the consent of the affected Optionee, the Committee may amend or modify any outstanding Option in any manner to the extent that the Committee would have had the initial authority to grant the Option as so modified or amended, including without limitation, to change the date or the price at which an Option becomes exercisable, subject to any required prior approval of any applicable regulatory authority.

#### **16. WITHHOLDINGS**

For certainty and notwithstanding any other provision of the Plan, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise or disposition of Options by an Optionee, then the Optionee shall, concurrently with the exercise or disposition:

- (a) pay to the Corporation, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Corporation to be the amount necessary to fund the required tax remittance;
- (b) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines such portion of the Optioned Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or
- (c) make other arrangements acceptable to the Corporation to fund the required tax remittance.

#### **17. GENERAL**

This Plan is to be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Plan is effective as of January 28th, 2016.

**SCHEDULE "A" TO THE STOCK OPTION  
PLAN NOTICE OF EXERCISE**

**To Exercise The Option, Complete And Return This Form**

The undersigned Optionee, or his or her legal representative(s) permitted under the Silver Shield Resources Corp. stock option plan (as may be supplemented and amended from time to time) (the "**Plan**"), hereby irrevocably elects to exercise the Option for the number of shares as set forth below:

- (a) Number of Options to be Exercised: \_\_\_\_\_
- (b) Exercise Price per Optioned Share: \_\_\_\_\_
- (c) Aggregate Purchase Price \_\_\_\_\_
- (d) [ (a) multiplied by (b) ]: \_\_\_\_\_

and hereby tenders a certified cheque or bank draft for such aggregate exercise price, and directs such Optioned Shares to be issued and registered as directed below, all subject to and in accordance with the Plan. Unless they are otherwise defined herein, any defined terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: \_\_\_\_\_, 20

\_\_\_\_\_  
)  
)  
) \_\_\_\_\_  
) Name of Optionee  
)  
)  
)  
) \_\_\_\_\_  
) Signature of Optionee  
)

Witness to the Signature of:

Direction as to Registration:

\_\_\_\_\_  
Name of Registered Holder

\_\_\_\_\_

\_\_\_\_\_  
Address of Registered Holder

**SCHEDULE "B"**  
**GUNPOWDER CAPITAL CORP.**  
**AUDIT COMMITTEE CHARTER**



## **GUNPOWDER CAPITAL CORP AUDIT COMMITTEE CHARTER**

### **1 OVERALL PURPOSE / OBJECTIVES**

The committee will assist the Board of Directors (the "Board") of Gunpowder Capital Corp. (the "Corporation" or the "Company") in fulfilling its responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. The committee will also be responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation's business, operations and risks.

### **2 AUTHORITY**

The Board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and set compensation for such outside parties, to ensure the attendance of Corporation officers at meetings as appropriate, and to communicate and meet directly with the Corporation's internal and/or external auditors.

### **3 ORGANIZATION**

#### **3.1 Membership**

- (a) The committee will be comprised of at least three directors of the Corporation, a majority of whom are "independent" for the purposes of Multilateral Instrument 52-110 – Audit Committees.
- (b) The chairman of the audit committee will be nominated by the committee from time to time.
- (c) Quorum for any meeting will be two members.
- (d) The secretary of the committee will be the company secretary, or such person as is nominated by the Chairman.

#### **3.2 Attendance at Meetings**

- (a) The committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
- (b) The external auditors should be present at each quarterly audit committee meeting and be expected to comment on the financial statements in accordance with best practices.
- (c) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- (d) The proceedings of all meetings will be minuted.

### **3 ROLES AND RESPONSIBILITIES**

The committee will:

- 3.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 3.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 3.3 Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
- 3.4 Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
- 3.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 3.6 Review any legal matters which could significantly impact the financial statements as reported on by the Company's professional advisors and meet with such advisors whenever deemed appropriate.

- 3.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 3.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure pertaining thereto.
- 3.9 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 3.10 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 3.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 3.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
- (a) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (b) generally accepted accounting principles have been consistently applied;
  - (c) there are any actual or proposed changes in accounting or financial reporting practices;
  - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- 3.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 3.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
- 3.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.
- 3.16 Make recommendations to the Board regarding the reappointment of the external auditors and the compensation of such auditors.
- 3.17 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- 3.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 3.19 Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 3.20 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 3.21 Perform other functions as requested by the Board.
- 3.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 3.23 Review and update the charter; receive approval of changes from the Board.

