

**SHAMROCK ENTERPRISES INC.  
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE PERIOD ENDED AUGUST 31, 2016**

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To the Shareholders of Shamrock Enterprises Inc.

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Shamrock Resources Inc. (the "Company") and compares its financial results for the three month period ended August 31, 2016 to the same period in the previous year. The MD&A should be read in conjunction with the interim financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Refer to Note 3 of the August 31, 2016 financial statements for disclosure of the Company's significant accounting policies and a discussion of future accounting policy changes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar. Management is responsible for the interim financial statements referred to in this MD&A. The Audit Committee reviews the interim financial statements and MD&A, and recommends approval to the Company's Board of Directors.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

This MD&A is current as at October 28, 2016.

Additional information relating to the Company can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**OVERVIEW**

Shamrock Enterprises Inc. ("Shamrock" or the "Company") was incorporated in British Columbia on April 17, 2008 pursuant to the provisions of the *Business Corporations Act* (British Columbia) and is a reporting company in British Columbia, Alberta and Ontario. The Company is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of a precious and base metals project known as the Fireweed Property (the "Property") in northwest British Columbia, Canada. The Company's fiscal year end is May 31.

The British Columbia Securities Commission issued a receipt for the Company's final IPO prospectus on September 15, 2010. On November 10, 2010, the Company completed its Initial Public Offering of securities and commenced trading on the Canadian National Stock Exchange, now known as the Canadian Securities Exchange ("CSE") under stock symbol SRS.

**QUARTERLY HIGHLIGHTS**

On June 28, 2016 the Company completed the first tranche of an offering that was announced on March 31, 2016. The Company raised \$104,000 and issued 5,200,000 non flow-through units, consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at \$0.05 per share until June 28, 2017 and at \$0.08 per share until June 28, 2018.

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The Company continues to raise funds for its \$125,000, \$0.04 Unit flow-through portion of the financing, with \$60,000 in deposits having been received to the date of this report. Each flow-through unit will consist of one flow-through common share and one share purchase warrant. Each warrant will be exercisable to acquire one common share at \$0.07 per share in the first year and at \$0.09 per share in the second year from the date of issuance. Pursuant to provisions of the *Income Tax Act* (Canada), the Company shall renounce Canadian Exploration Expenses so incurred to purchasers of the flow-through common shares on or before December 31, 2016.

On June 22, 2016, 450,000 stock options were granted to directors and officers of the Company, exercisable at \$0.05 per share. The options have a five year expiry date from date of grant. Also on June 22, 2016, 100,000 stock options were granted to a consultant of the Company, exercisable at \$0.05 per share. All of the options have a five year expiry date from date of grant.

### **Outlook for the Upcoming Year**

Subject to successfully raising adequate working capital, the Company plans to carry out a revised drill program on the Property and will not complete the Phase III work commitment recommended by the 43-101 technical report for the Property. As a result of management's success in negotiating a revised amendment to the Shamrock option agreement on February 1, 2016 and due to current market conditions, the Company plans to drill test a large magnetic high signature in the south zone of the Fireweed project, which management feels has been largely overlooked to date and has excellent exploration potential.

The Company continues to investigate the opportunity for a small scale production (75,000 tonnes per year) scenario for the Fireweed property. Due diligence and research concerning the viability and cost estimates relating to placing the property into production are ongoing. This includes research and cost estimation for environmental studies, decline location, decline construction, contract mining, transportation, contract milling costs, etc.

### **FIREWEED PROPERTY – BRITISH COLUMBIA**

The Property includes 8 Mineral claims totalling 2,411 Hectares (24.11 square kilometers) as illustrated in the accompanying claim sketch below. The Fireweed property is owned outright by Regulus Resources Ltd. (formerly Pachamama Resources Ltd.) (the "Optionor"), a TSXV listed junior public company.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company investigated title to mineral properties optioned or otherwise, and to the best of its knowledge, the vendor's title to all of its properties are in good standing as of the date of the MD&A.

### **Fireweed Developments**

On February 17, 2010 ("Effective Date"), the Company entered into an option agreement (the "Option") with Regulus Resources Inc. ("Regulus") (formerly Pachamama Resources Ltd.) to acquire an initial 50% interest, with an option to earn up to 70% in 8 mineral property claims located in the Omineca Mining Division near Smithers, in British Columbia, Canada (the "Property"). A series of amendments to extend the agreement followed.

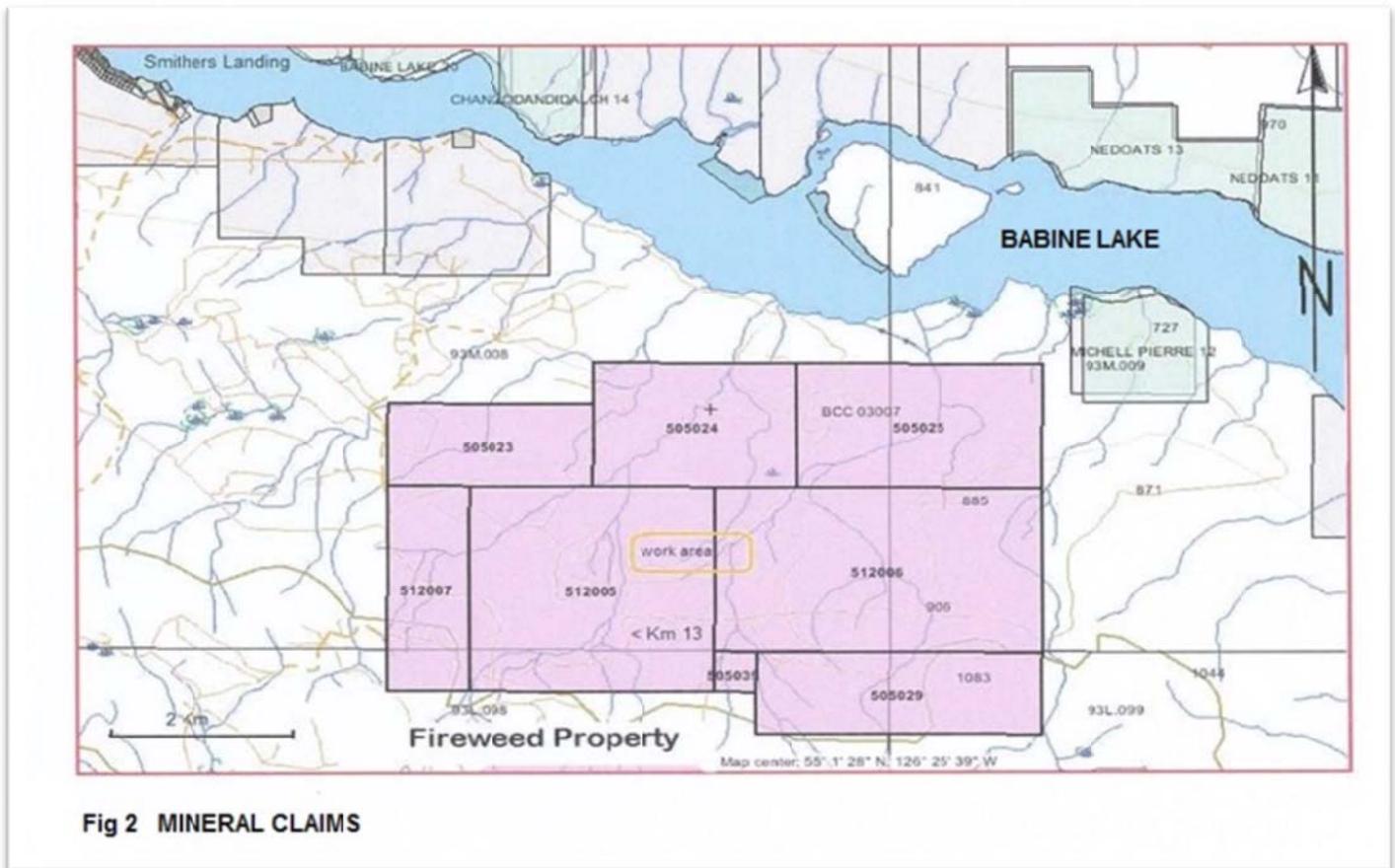
On February 1, 2016, a further amendment was executed whereby the interest in the Property which the Company may acquire was adjusted to 50%, subject to an underlying capped 2% net smelter royalty to a third party. In consideration for the amendment, the Company issued 500,000 shares of its common stock to Regulus on February 3, 2016. The shares were valued at \$2,500 based on current market value on the date of issue.

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Upon completion of the work expenditures, cash payments and share issuances described in Note 7 to the August 31, 2016 interim financial statements, the Company may exercise its Option and the parties shall be deemed to have entered into a joint venture for the further exploration and development of the Property and any operation of the Property as a mine. The parties will use commercially reasonable efforts, in good faith, to negotiate and enter into a formal joint venture agreement within 6 months of the exercise of the Option. The Company may elect to exercise the Option by completing the work expenditures and making the cash payments and share issuances described above at any time prior to November 17, 2020.

The Company has committed to spend \$100,000 on a drilling program on the Property by December 17, 2016. If the Company fails to complete the required work expenditure in any one year, it may elect to maintain the Option by paying any expenditure shortfall to Regulus by the last day of that year. Any work expenditures in excess of the specified annual requirements will be credited to the expenditure requirement in the following year.

Detailed claims sketch of the Property:



Location of the Property in British Columbia, Canada:



Melvin P. Dickson, P.Eng., is the Qualified Person as defined by National Instrument 43-101. Mr. Dickson is a director for the Company and has reviewed and approved the technical information contained in this MD&A.

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**RESULTS OF OPERATIONS**

*Three Months Ended August 31, 2016 and 2015*

The Company incurred a loss of \$33,760 for the current three month period compared to a loss of \$7,391 for the prior year's first quarter.

	For the Three Months		Increase (Decrease)	
	Ended August 31 2016	2015	Amount	Percentage
	\$	\$		
<b>EXPENSES</b>				
Loan interest	1,114	-	1,114	-
Office and general	1,344	1,090	254	23%
Professional fees	23,700	-	23,700	-
Regulatory and filing	2,654	3,184	(530)	(17%)
Share-based compensation	4,948	3,117	1,831	59%
<b>Loss and Comprehensive Loss for the Period</b>	<b>(33,760)</b>	<b>(7,391)</b>	<b>(26,369)</b>	<b>357%</b>

The main difference in expenses in Q1 2016 compared to Q1 2015 was in Professional fees, due to business development and management services in 2016 of \$18,200, \$3,000 for services incurred in connection with the June, 2016 private placement and accrued 2016 accounting services of \$2,500.

**SELECTED QUARTERLY INFORMATION**

	Aug. 31 2016	May 31 2016	Feb. 29 2016	Nov. 30 2015	Aug. 31 2015	May 31 2015	Feb. 28 2015	Nov. 30 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Net income (loss)	(33,760)	53,079	(9,887)	(12,015)	(7,391)	(30,830)	(29,246)	(65,012)
Income (Loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

*Expected Volatility in Results of Operations*

An analysis of the quarterly results over the last eight quarters shows a substantial variance which can be attributed to the Company incurring varying professional, and office and general costs period over period. The Company's operations consist of evaluating, acquiring and exploring mineral properties for the purpose of discovering economically recoverable reserves. In addition, the Company is actively seeking equity financing to fund the current mineral property option commitments. The Company will continue to incur period expenditures towards these goals. The timing and impact of such period expenditures cannot be accurately predicted due to the volatile nature of the company's business operations.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company is in the exploration stage and therefore has no cash flow from operations. Its only source of funds since incorporation has been from loans and the sale of shares. From the date of incorporation on April 17, 2008 to August 31, 2016, the Company has raised \$2,623,725 from the sale of shares for cash through the issuance of 22,728,166 shares.

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As at August 31, 2016, current assets were \$106,467 (May 31, 2016 - \$4,640) and current liabilities were \$273,253 (May 31, 2016 - \$233,014) resulting in a negative working capital of \$166,786 (May 31, 2016 – negative \$228,374). The equity markets continued to experience a slowdown in financings for mineral property exploration projects resulting in ongoing downward pressure on the Company's liquid assets.

As of August 31, 2016 the Company had total assets of \$1,235,550 (May 31, 2016 - \$1,133,723). The non-cash assets are Subscription deposits of \$59,980 (held in a separate account from operating Cash until completion of the flow-through shares financing), sales tax receivable, comprised of GST input tax credits, of \$4,995 (May 31, 2016 - \$3,656), restricted investment of \$7,000 (May 31, 2016 - \$7,000) which is the security deposit posted in connection with the Company's Reclamation Permit for its Property, and mineral property interests of \$1,122,083 (May 31, 2016 - \$1,122,083) for the Fireweed Property. Liabilities increased by approximately \$40,000 since May 31, 2016, due mainly to new Share subscriptions of \$60,000 for flow-through shares, offset by reductions in accounts payable of approximately \$15,000 and Loans payable of approximately \$4,000.

Cash flow used in operations in the current quarter (\$44,912) was approximately \$26,000 more than that used in the equivalent period in the prior year (\$18,506). That was primarily due to the increased loss in the 2016 period (\$33,760 versus \$7,391 in 2015) along with a greater reduction in accounts payable and accrued liabilities (\$15,375 versus \$2,220 in 2015), offset by a lower decrease in 2016 in amounts due to related parties (\$500 versus \$12,175 in 2015).

#### **SELECTED SHARE CAPITAL DATA**

##### *Share Capital Structure*

At August 31, 2016 and to the date of this report, the Company's share capital structure is as follows:

<b>Security</b>	<b>Amount</b>
Common shares	24,428,166
Stock options	1,600,000
Warrants	6,855,046
<b>Total</b>	<b>32,883,212</b>

#### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

IFRS 13 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. These tiers include:

- Level 1 – defined as quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company's financial instruments consist of cash, sales tax receivable, accounts payable and accrued liabilities, and loans payable. The Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Pursuant to IFRS 13, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted

prices in active markets for identical assets. Sales tax receivable, accounts payable and accrued liabilities, and loans payable are measured using "Level 2" inputs as there are no quoted prices in active markets for identical instruments. The carrying values of cash, sales tax receivable, accounts payable and accrued liabilities, and loans payable approximate their fair values due to the immediate or short term maturity of these financial instruments.

### **Management of Industry and Financial Risk**

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

#### ***Credit risk***

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and HST recoverable. Risk associated with cash is managed through the use of major Canadian bank. The Company's HST recoverable is due from the Government of Canada; therefore, the credit risk exposure is low.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's cash. The Company's cash is held in corporate bank accounts available on demand.

#### ***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

##### ***Currency Risk***

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars; therefore, currency risk is minimal.

##### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

##### ***Price Risk***

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to finance due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

## **RELATED PARTY TRANSACTIONS**

At August 31, 2016, the Company owed a director \$43,969 (May 31, 2016 - \$43,969) for expenses incurred on behalf of the Company, rent, and management fees, plus \$24,155 (May 31, 2016 - \$23,520) for loan advances and accrued interest.

The Company incurred \$3,000 (August 31, 2015 - \$Nil) in professional fees from a company controlled by an officer, for corporate secretarial services. At August 31, 2016, the Company owed \$44,365 (May 31, 2016 - \$44,365) to a company controlled by the officer for professional services.

The Company incurred \$18,000 (August 31, 2015 - \$Nil) in fees from a company controlled by a director and Chief Executive Officer for business development and management services. At August 31, 2016, the Company owed \$54,750 (May 31, 2016 - \$55,250) to the director's company.

At August 31, 2016, the Company owed \$3,000 (May 31, 2016 - \$3,000) to a director for geologist services.

Amounts due to related parties are unsecured, without specified repayment terms and, other than loan advances, are non-interest bearing.

## **OFF-BALANCE SHEET TRANSACTIONS**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

### *Judgements*

#### *Exploration and evaluation expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

#### *Title to mineral property interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### Estimates

#### *Share-based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9 to the financial statements.

#### Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared, except for cash flow information, using the accrual basis of accounting. These financial statements are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted.

### **PROPOSED TRANSACTIONS**

The Company does not have any proposed transactions as at the date of this report.

### **RISK AND UNCERTAINTIES**

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in precious metal prices, market sentiment, and interest rates.
- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management has been successful in accessing the equity markets during the quarter, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) The operations of the Company may require licenses and permits from various governmental authorities in Canada. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits in the future.

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- e) There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

**OTHER INFORMATION**

Additional information on the Company is available at the Company's website [www.shamrockresources.com](http://www.shamrockresources.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

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**CORPORATE INFORMATION**

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**Directors:**

Gordon Osinchuk  
Michael Dake\*  
Melvin P. Dickson, P.Eng\*  
Bob Faris\*  
(\*Audit Committee Member)

**Officers:**

Bob Faris, President, Chief Executive Officer, and Interim Chief Financial Officer  
Dianne Szigety, Corporate Secretary

**Auditor:**

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**Transfer Agent:**

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