

**SHAMROCK ENTERPRISES INC.  
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE YEAR ENDED MAY 31, 2013**

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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 year ended May 31, 2013 to the previous year. The MD&A should be read in conjunction with the 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 May 31, 2013 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.

### **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 September 30, 2013.

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 ("CNSX") under stock symbol SRS.

### **ANNUAL HIGHLIGHTS**

- Filed an NI 43-101 compliant Technical Report in respect of the Fireweed Property.
- Signed an extension agreement on certain commitments relating to the Fireweed Property option agreement.

## **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. (previously named Pachamama Resources Ltd.)("Regulus"), (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**

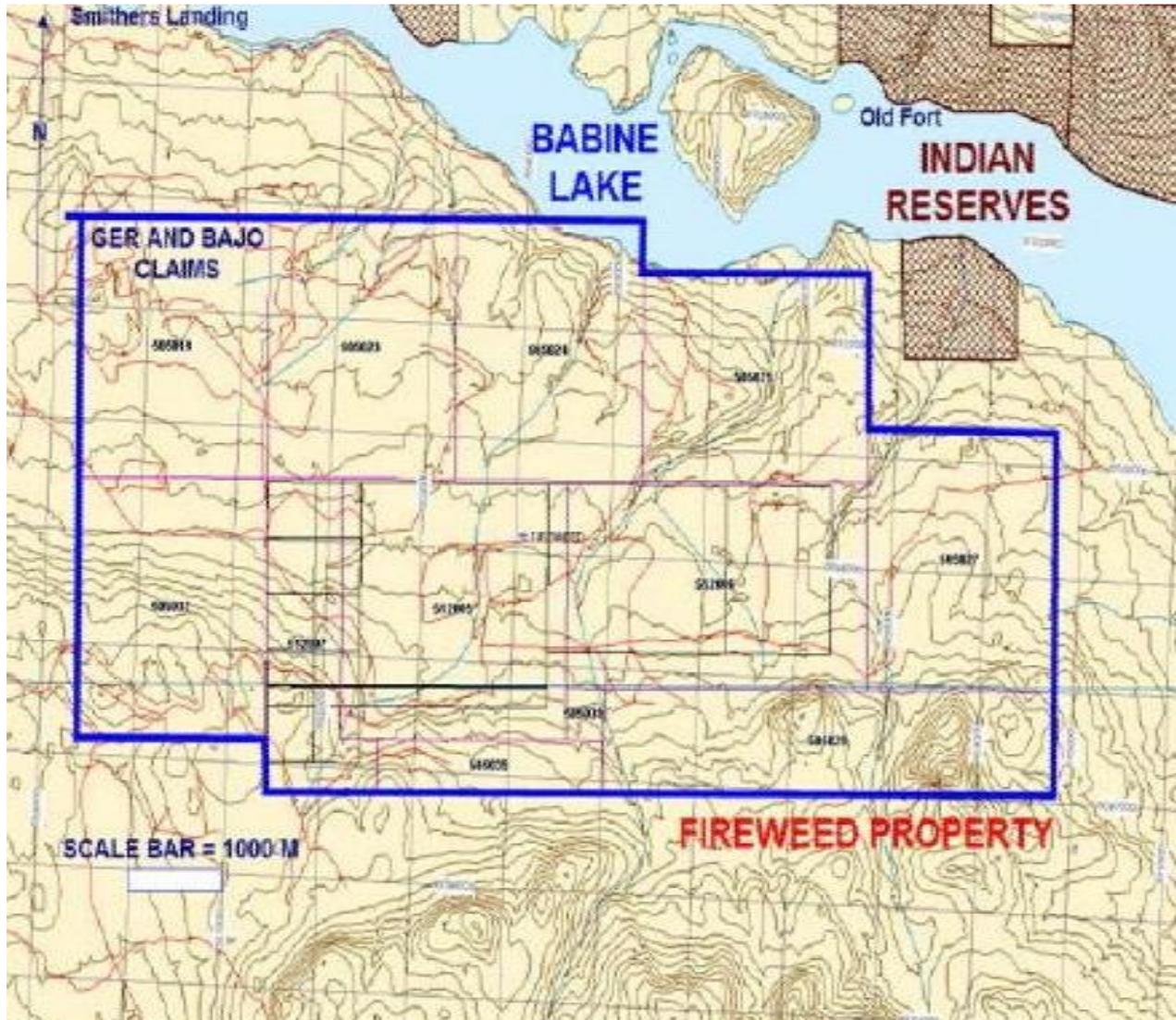
The Company released assay results from its Phase I drill program as summarized in its February 1, 2011 news release and Phase II drill results were announced on April 8, 2012 news release. The Company also made accumulated payments of \$200,000 and issued 850,000 shares in accordance with the Letter of Understanding with Regulus and the extension agreement. The Company also spent \$732,296 in cash exploration expenditures for its Fireweed property to May 31, 2013.

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

For the upcoming year 2014 fiscal year, the priority of the Company is to complete Phase III of its work commitment in accordance with its Letter of Understanding with Regulus Resources Ltd. The Company anticipates completing a new 43-101 compliant technical report including the assessment report from Phase I and recommendation for the Phase II diamond drilling program. In addition, the Company must raise sufficient funds to finance the work commitments.

Shamrock intends to complete the Phase III work commitment by carrying out a summer drill program on the Fireweed Silver Property located near Smithers, in the Babine Lake Area, Omineca Mining Division, British Columbia, a polymetallic (Ag, Zn, Pb, Cu, Au) discovery of massive sulphide and sulphide replacement type mineralization.

Detailed claims sketch of the Property:



Location of the Property in British Columbia, Canada:



**Option Earn-In**

Pursuant to a letter of understanding dated February 17, 2010 between the Company and Pachamama Resources Ltd. (now Regulus Resources Ltd.) (the "Optionor"), a TSX Venture Exchange listed junior public company, the Company was granted an option (the "Option") to acquire up to a 70% interest in the Fireweed Property Babine Lake Area, Smithers B.C., Omineca Mining Division (the "Property") subject to a capped 2% net smelter return royalty in favour of Terry Lewis Eldridge. On January 21, 2013, the option agreement was re-negotiated to extend the expenditure commitment due dates, and cash payment due dates an additional 1 year amending the February 17, 2013 date to February 17, 2014, and February 17, 2014 date to February 17, 2015. Under the terms of the option agreement extension, the Company must also issue an additional 100,000 shares. The terms of the Option are set out below:

- i) Make the following payments and share issuances to the Optionor:

<b>Date of Payment</b>	<b>Cash Payment \$</b>	<b>Status</b>	<b>Share Capital Payment</b>	<b>Status</b>
Upon execution of the Letter of Understanding	50,000	Paid	None	N/A
Within 5 business days of listing of the Company's Shares on the Exchange	None	N/A	100,000	Issued
1 <sup>st</sup> anniversary	50,000	Paid	200,000	Issued
2 <sup>nd</sup> anniversary	100,000	Paid	200,000	Issued
3 <sup>rd</sup> anniversary	-	-	250,000	Issued
4 <sup>th</sup> anniversary	200,000	-	250,000	-
5 <sup>th</sup> anniversary	250,000	-	-	-
<b>Total</b>	<b>650,000</b>		<b>1,000,000</b>	

- ii) The Company must make the following work expenditures on the Property:

<b>Date of Expenditure Commitment</b>	<b>Work Expenditure Commitment* \$</b>	<b>Status</b>
1 <sup>st</sup> anniversary (February 17, 2011)	200,000	Completed
2 <sup>nd</sup> anniversary (February 17, 2012)	450,000	Completed
4 <sup>th</sup> anniversary (February 17, 2014)	650,000	-
5 <sup>th</sup> anniversary (February 17, 2015)	1,250,000	-
<b>Total</b>	<b>2,550,000</b>	

8% of exploration expenditures are credited towards the annual work expenditure commitment for administrative and overhead costs. As at February 17, 2012, \$56,259 (February 17, 2011 - \$32,077) of administrative overhead costs has been recognized as part of the Option Earn-In and is included in Accumulated Deficit. Revised figures will be calculated at February 17, 2014.

Upon completing the above payments and work expenditures and exercising the Option to acquire a 50% interest in the Property, the Company may elect to earn an additional 10% interest in the Property for an aggregate interest of 60%. To exercise the Option to earn an additional 10% interest in the Property, the Company must complete a feasibility study

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within three years of exercising the Option. If the Company elects to earn the 60% interest in the Property and fails to complete the feasibility study within the three year period, its interest in the Property will be diluted to 35% and the Optionor will become the operator of the Property.

Upon earning an aggregate 60% interest in the Property, the Company may elect to earn an additional 10% interest in the Property for an aggregate interest of 70%. To exercise the Option to earn an additional 10% interest in the Property, the Company must advance the project to production within 3 years of earning the 60% interest in the Property by incurring the following annual construction expenditures:

<b>Date of Expenditure Commitment</b>	<b>Amount of Capital Expenditure</b>
1 <sup>st</sup> anniversary of the exercise of the 60% Option	10% of capital expenditure as set out in the feasibility study
2 <sup>nd</sup> anniversary of the exercise of the 60% Option	30% of capital expenditure as set out in the feasibility study
3 <sup>rd</sup> anniversary of the exercise of the 60% Option	60% of capital expenditure as set out in the feasibility study

If the Company elects to earn the 70% interest in the Property and fails to advance the project to production within the three year period, its interest in the Property will be diluted to 50% and the Optionor will become the operator of the Property.

During the term of the Letter of Understanding, the Company will be the operator of the Property. Upon the Company earning an aggregate 50%, 60% or 70% interest in the Property, as the case maybe, and not electing to earn any additional interest, the parties will enter into a joint venture for the further development of the Property. The Company shall be the operator of the joint venture as long as its interest in the Property is 50% or greater.

The Property is subject to an underlying royalty in favour of Terry Lewis Eldridge based on a net smelter returns royalty equal to: (a) one percent (1%) of any mineral production derived from the Property during the first twelve (12) months of such production, and (b) two percent (2%) thereafter, excepting that the total underlying royalty payments shall not exceed a sum of \$5,000,000. For the purposes of calculating the underlying royalty, "net smelter returns" means the net payment received from a smelter or refinery from the sale of any precious or base metals recovered from a shipment of ore or concentrate from the Property to the smelter or refinery (including any bonuses paid by the smelter or refinery) after deduction by the smelter or refinery of handling, assaying, processing, smelting, sales charges, and penalties and direct production taxes, if any, less the cost of transporting the ore or concentrate to the smelter or refinery, but specifically excluding the cost of mining or milling.

## **RESULTS OF OPERATIONS**

### ***Three Months Ended May 31, 2013 and Comparable Prior Period Analysis***

The Company incurred an overall loss of \$119,980 for the current period compared to \$99,730 for the prior period. The Company has taken steps to conserve working capital as the capital markets are experiencing a significant slowdown in mineral property exploration financings. As a result, overall expenses have dropped significantly for the period.

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*Twelve Months Ended May 31, 2013 and Comparable Prior Year Analysis*

The Company incurred an overall loss of \$362,611 for the current year compared to \$416,915 for the prior period. The Company has taken steps to conserve working capital as the capital markets are experiencing a significant slowdown in mineral property exploration financings. As a result, overall expenses have dropped significantly for the period.

**SELECTED QUARTERLY INFORMATION**

	<b>May. 31</b>	<b>Feb. 28</b>	<b>Nov. 30</b>	<b>Aug. 31</b>	<b>May. 31</b>	<b>Feb. 29</b>	<b>Nov. 30</b>	<b>Aug. 31</b>
	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial results:</b>								
Net loss	(102,375)	(82,125)	(82,201)	(78,305)	(99,730)	(125,277)	(101,245)	(104,320)
Basic loss per share	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)

*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 business operations, as such, it is expected the results of operations will continue to see variances year over year, and period over period.

**SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEARS**

	<b>May 31,</b>	<b>May 31,</b>
	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Income Statement</b>		
Net loss	<b>362,611</b>	<b>416,915</b>
Loss per share (basic and diluted)	<b>(0.03)</b>	<b>(0.03)</b>
<b>Balance Sheet</b>		
Total resource properties	<b>1,089,296</b>	<b>1,014,338</b>
Total assets	<b>1,135,975</b>	<b>1,420,061</b>
Total long-term liabilities	-	-

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**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 the sale of shares. From the date of incorporation on April 17, 2008 to May 31, 2013, the Company has raised \$2,276,300 from the sale of shares for cash through the issuance of 13,001,300 shares.

As at May 31, 2013 current assets were \$46,678 (May 31, 2012 - \$405,723) and current liabilities were \$47,816 (May 31, 2012 - \$21,953) resulting in working capital of \$(1,138) (May 31, 2012 - \$383,770). The equity markets are currently experiencing a slowdown in financings for mineral property exploration projects. As a result of this, there is a downward pressure on the Company's liquid assets.

As of May 31, 2013 the Company had total assets of \$1,135,975 (May 31, 2012 - \$1,420,061). The principal assets are cash and short-term liquid investments of \$43,943 (May 31, 2012 - \$338,658), sales tax receivable comprising GST and HST input tax credits of \$2,735 (May 31, 2012 - \$67,065), and mineral property interests of \$1,089,296 (May 31, 2012 - \$1,014,338) for the Fireweed Property.

Cash flow used in operations decreased over the prior year due mainly to management taking steps to preserve working capital during the slowdown in the equity markets.

**SELECTED SHARE CAPITAL DATA**

*Share Capital Structure*

As at September 30, 2013 the Company's share capital structure is as follows:

<b>Security</b>	<b>Amount</b>
Common shares	13,001,300
Stock options	1,235,000
Warrants	Nil
Total	17,142,420

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

		<b>May 31, 2013</b>	May 31, 2012
		\$	\$
FVTPL financial assets	a	<b>43,943</b>	338,658
Other receivables	b	<b>2,735</b>	67,065
Other financial liabilities	c	<b>47,816</b>	21,953

- a. Comprises cash and short-term investments.
- b. Comprises receivables consisting of refundable sales tax credits paid for purchases.
- c. Comprises accounts payable, accrued liabilities and due to related parties.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Cash and short-term investments are carried at fair value using a level 1 fair value measurement. The fair values of HST recoverable, accounts payable,

accrued liabilities and due to related parties approximate their carrying values due to the short-term nature of these 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**

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

The Company incurred \$79,914 (May 31, 2012 – \$78,000) of management fees from Gordon Osinchuk, a consultant for management services performed. In addition, the Company incurred \$21,000 (May 31, 2012 – \$15,000) for office rent and storage costs from the consultant. As at May 31, 2013, the Company owed Gordon Osinchuk \$3,974 (May 31, 2012 - \$Nil) for expenses incurred on behalf of the Company and unpaid rent.

The Company incurred \$30,000 (May 31, 2012 – \$30,000) of professional fees from Midland Chartered Accountants Ltd., a company controlled by an officer for accounting and administrative services performed. As at May 31, 2013, the Company owed \$2,500 (May 31, 2012 - \$Nil) to Midland Chartered Accountants Ltd. for accounting and administrative services rendered.

The Company incurred \$30,300 (May 31, 2012 – \$30,000) of professional fees from PubliCo Services Ltd., a company controlled by an officer for corporate secretarial services performed. As at May 31, 2013, the Company owed \$2,500 (May 31, 2012 - \$Nil) to PubliCo Services Ltd. for corporate secretarial services performed.

Amounts due to related parties are unsecured, non-interest bearing and without specified repayment terms. All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company incurred \$Nil (May 31, 2012 - \$48,000) in director fees for the year.

## **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 8.

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 unless otherwise noted, which is the functional currency of the Company.

**PROPOSED TRANSACTIONS**

The Company does not have any proposed transactions as at the date of this MD&A.

**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 year, 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.

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- 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.
- 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).

**CORPORATE INFORMATION**

- Head Office:** 484 Beachview Drive  
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Canada
- Directors:** Gordon Osinchuk\*  
Michael Dake\*  
William Pettigrew\*  
Melvin P. Dickson, P.Eng  
(\*Audit Committee Member)
- Officers:** Gordon Osinchuk, CEO & President  
Ryan Cheung, CFO  
Dianne Szigety, Corporate Secretary
- Auditor:** Charlton & Company  
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