# SHAMROCK ENTERPRISES INC.

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED MAY 31, 2015

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charlton & company
CHARTERED ACCOUNTANTS

## *INDEPENDENT AUDITOR'S REPORT*

To the Shareholders of
**Shamrock Enterprises Inc.**

We have audited the accompanying financial statements of Shamrock Enterprises Inc., which comprise the statements of financial position as at May 31, 2015 and 2014 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended May 31, 2015 and 2014 and a summary of significant accounting policies and other explanatory information.

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

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

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

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

**Opinion**
In our opinion, these financial statements present fairly, in all material respects, the financial position of Shamrock Enterprises Inc. as at May 31, 2015 and 2014 and its financial performance and cash flows for the years ended May 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

**Emphasis of Matters**
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

***"Charlton & Company"***
***CHARTERED PROFESSIONAL ACCOUNTANTS***

Vancouver, Canada
September 28, 2015

**SHAMROCK ENTERPRISES INC.**
**STATEMENTS OF FINANCIAL POSITION**
**(expressed in Canadian dollars)**

| | Notes | **May 31, 2015** | May 31, 2014 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | **1,301** | 42,405 |
| Short-term investments | | **-** | 5,750 |
| Sales tax receivable | | **8,971** | 804 |
| | | **10,272** | 48,959 |
| **Long term assets** | | | |
| Restricted investment | 6 | **7,000** | 7,000 |
| Exploration and evaluation asset | 7 | **1,119,583** | 1,108,507 |
| | | **1,126,583** | 1,115,507 |
| **TOTAL ASSETS** | | **1,136,855** | 1,164,466 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | **40,437** | 53,471 |
| Loans payable | 8 | **27,200** | - |
| Due to related parties | 11 | **240,050** | 161,411 |
| | | **307,687** | 214,882 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 9 | **2,388,403** | 2,314,653 |
| Reserves | 9 | **307,314** | 297,846 |
| Accumulated deficit | | **(1,866,549)** | (1,662,915) |
| | | **829,168** | 949,584 |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | | **1,136,855** | 1,164,466 |

**Nature and continuance of operations (Note 1)**
**Commitments (Note 10)**
**Subsequent events (Note 14)**

*The accompanying notes are an integral part of these financial statements.*

**Approved on behalf of the Board of Directors**

*/s/ Melvin P.Dickson* — Director

*/s/ Bob Faris* — Director

**SHAMROCK ENTERPRISES INC.**
**STATEMENT OF CHANGES IN EQUITY**
**(expressed in Canadian dollars)**

| | Share Capital | | Reserves | | | |
|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Equity settled benefits | Warrants | Accumulated deficit | Total |
| | | $ | $ | $ | $ | $ |
| **Balance, May 31, 2013** | **13,001,300** | **2,170,407** | **213,580** | **80,094** | **(1,375,923)** | **1,088,158** |
| Private Placement | 2,640,000 | 132,000 | - | - | - | 132,000 |
| Property option payment | 350,000 | 16,500 | - | - | - | 16,500 |
| Share issue costs - cash | - | (1,000) | - | - | - | (1,000) |
| Share issue costs - warrants | - | (3,254) | - | 3,254 | - | - |
| Option vesting | - | - | 918 | - | - | 918 |
| Loss for the year | - | - | - | - | (286,992) | (286,992) |
| **Balance, May 31, 2014** | **15,991,300** | **2,314,653** | **214,498** | **83,348** | **(1,662,915)** | **949,584** |
| Option vesting | - | - | 9,468 | - | - | 9,468 |
| Shares for debt conversion | 1,400,000 | 73,750 | - | - | - | 73,750 |
| Loss for the year | - | - | - | - | (203,634) | (203,634) |
| **Balance, May 31, 2015** | **17,391,300** | **2,388,403** | **223,966** | **83,348** | **(1,866,549)** | **829,168** |

*The accompanying notes are an integral part of these financial statements.*

**SHAMROCK ENTERPRISES INC.**
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
**(expressed in Canadian dollars)**

| | Notes | For the years ended May 31<br>**2015** | <br>2014 |
|---|---|---|---|
| | | **$** | $ |
| **EXPENSES** | | | |
| Investor relations | | **2,815** | 1,750 |
| Management fees | 11 | **36,057** | 78,000 |
| Office and general | 11 | **19,191** | 43,253 |
| Share-based compensation | 9 | **9,468** | 918 |
| Professional fees | 11 | **114,624** | 143,750 |
| Regulatory and filing | | **21,479** | 19,321 |
| **Loss and Comprehensive Loss for the Year** | | **(203,634)** | (286,992) |
| Basic and diluted loss per common share | | **($0.01)** | ($0.02) |
| Weighted average number of shares outstanding | | **17,138,560** | 13,366,423 |

*The accompanying notes are an integral part of these financial statements.*

**SHAMROCK ENTERPRISES INC.**
**STATEMENTS OF CASH FLOWS**
**(expressed in Canadian dollars)**

| | For the years ended May 31 | |
|---|---|---|
| | **2015** | 2014 |
| | **$** | $ |
| **CASH FLOWS USED IN OPERATING ACTIVITIES** | | |
| **Loss for the year** | **(203,634)** | (286,992) |
| Items not involving cash: | | |
| Share-based compensation | **9.468** | 918 |
| Changes in non-cash working capital items: | | |
| GST receivable | **(8,167)** | 1,931 |
| Accounts payable and accrued liabilities | **(13,034)** | 14,629 |
| Due to related parties | **152,389** | 152,437 |
| | **(62,978)** | (117,077) |
| **CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES** | | |
| Short-term investments | **5,750** | 17,250 |
| Exploration and evaluation assets | **(11,076)** | (2,711) |
| | **(5,326)** | 14,539 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Loan proceeds | **27,200** | - |
| Private placement proceeds | **-** | 132,000 |
| Share issue costs | **-** | (1,000) |
| | **27,200** | 131,000 |
| **Change in cash** | **(41,104)** | 28,462 |
| **Cash, beginning of the year** | **42,405** | 13,943 |
| **Cash, end of the year** | **1,301** | 42,405 |
| **Supplemental information:** | | |
| Interest paid | **-** | - |
| Income taxes paid | **-** | - |

**Supplemental disclosure with respect to cash flows** (Note 13)

*The accompanying notes are an integral part of these financial statements.*

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Shamrock Enterprises Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 17, 2008. The BC 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. The Company's registered corporate address is 891 Baycrest Drive, North Vancouver, BC V7G 1N7, Canada.

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. Several conditions discussed below indicate the existence of a material uncertainty that may cast substantial doubt regarding this assumption. The Company's ability to continue as a going concern is however dependent upon its ability to obtain additional funding from loans or equity financings, option agreements or through other arrangements. There is no assurance that these activities will be successful. These financial statements do not contain any adjustments to the amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue in business. The Company is in the process of exploring its mineral property and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral property in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. At May 31, 2015, the Company had cash and liquid cash investments of $1,301 (May 31, 2014 - $48,155) and negative working capital of $297,415 (May 31, 2014 - $165,923).

## 2. BASIS OF PRESENTATION

**Statement of compliance**
These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out in Note 3 have been applied consistently by the Company during the years presented.

The financial statements were authorized for issue by the Board of Directors on September 28, 2015.

**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:

## 2. BASIS OF PRESENTATION (continued)

*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.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Exploration and evaluations assets**
The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes payments made in the process of acquiring legal title to these properties. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are charged to operations as incurred.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The carrying value of equipment is reviewed for indications of impairment at each reporting date. When impairment indicators exist, the asset's recoverable amount is estimated. If it is

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is made with a charge to operations.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

**Equipment**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Estimates of residual values, useful lives and methods of depreciation are reviewed each reporting year, and adjusted prospectively if appropriate.

**Income taxes**

<u>Current income tax:</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred income tax:</u>

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**Restoration and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of comprehensive loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

**Share-based payments**

The Company grants stock options to buy common shares of the Company through its stock option plan as described in Note 8. The Company accounts for share-based payments using the fair value method. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company grants stock options that are subject to various vesting terms. Under IFRS, the fair value of each instalment of the award is considered a separate grant based on the vesting period with the fair value of each instalment determined separately and recognized as compensation expense over the term of its respective vesting period ("graded vesting").

**Financial Instruments**

The Company classifies financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired or issued. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Financial assets classified as fair value through profit or loss includes cash.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They would be included in current assets, except for maturities greater than 12 months after the end of the reporting period. These would be classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments would be included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company has no held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, being the date on which the Company commits to purchase the asset. The Company's non-derivative financial liabilities comprise accounts payable and accrued liabilities, and due to related parties.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any material derivative financial assets and liabilities.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
- Level 3 – Inputs that are not based on observable market data.

The Company's cash and investments are classified as level 1.

**Loss per share**

Basic loss per share is calculated by dividing the net earnings available to common shareholders divided by the weighted average number of common shares outstanding during the year. The diluted earnings per share are calculated based on the weighted average number of common shares outstanding during the year, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year.

**Future Accounting Policy Changes**

*New standards adopted during the year*

Effective June 1, 2014, the following standards were adopted but did not have a material impact on the financial statements.

- *IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities.*

*New standards and interpretations not yet adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact. Unless otherwise indicated, the Company intends to adopt new standards as of the mandatory effective dates.

- *IFRS 9: New standard that replaces IAS 39 for classification and measurement of financial instruments, effective for annual periods beginning on or after January 1, 2018.*

  *IAS 24 Related Party disclosures – amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This standard is effective for annual periods beginning on or after July 1, 2014.*

## 4. FINANCIAL INSTRUMENTS

| | | **May 31,2015** | May 31,2014 |
|---|---|---|---|
| | | **$** | $ |
| FVTPL financial assets | a | **1,301** | 48,155 |
| Other financial liabilities | b | **307,687** | 214,882 |

a. Comprises cash, and short-term investments.
b. Comprises accounts payable, accrued liabilities, loans payable, 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 accounts payable, accrued liabilities, loans payable, 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 GST recoverable. Risk associated with cash is managed through the use of major Canadian bank. The Company’s GST 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.

## 4. FINANCIAL INSTRUMENTS (continued)

***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.

## 5. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders equity. Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management during the year ended May 31, 2015. The Company is not subject to externally imposed capital requirements.

## 6. RESTRICTED INVESTMENT

As at May 31, 2015, the Company had invested $7,000 (May 31, 2014 - $7,000) into Guaranteed Investment Certificates ("GICs") with a Canadian financial institution. These GICs yield interest at prime minus 1.95% with a maturity date of October 20, 2015. The availability of the GIC to the Company is restricted, as it serves as the security required to be posted in connection with its Reclamation permit issued by the British Columbia Ministry of Energy, Mines and Petroleum Resources for the Company`s Fireweed Property.

All short-term investments have been classified as financial assets measured at fair value through profit or loss. Their fair values approximate their carrying values due to their short-term nature.

## 7. EXPLORATION AND EVALUATION ASSET

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

Summary of exploration and evaluation expenditures:

| | Fireweed Property |
|---|---|
| | $ |
| **Balance, May 31, 2013** | **1,089,296** |
| Acquisition incurred | 16,500 |
| Exploration costs incurred: | |
| Administration and legal | 211 |
| Geological data processing | 2,500 |
| Geologist fees | - |
| Travel | - |
| **Balance, May 31, 2014** | **1,108,507** |
| Acquisition incurred | |
| Exploration costs incurred: | |
| Administration and legal | 3,975 |
| Geological data processing | - |
| Geologist fees | 3,000 |
| Travel | 4,101 |
| **Balance, May 31, 2015** | **1,119,583** |

**Fireweed Property, British Columbia**

On February 17, 2010 ("Effective Date"), the Company entered into an option agreement 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. On January 21, 2013, the option agreement was re-negotiated to extend the expenditure commitment due dates and cash payment. This extension was further re-negotiated on November 25, 2013, revising the commitments as disclosed below. Under the terms of the option agreement extension, the Company issued an additional 100,000 shares with a fair value of $7,000 for the January 21, 2013 extension and issued an additional 100,000 shares valued at $4,000 for the November 25, 2013 extension.

On February 13, 2015 and again on August 17, 2015, the Company negotiated additional extensions to its property option agreement whereby the cash payment and minimum work expenditure commitments due on February 17, 2015 and later, on August 17, 2015, are now due on November 17, 2015.

## 7. EXPLORATION AND EVALUATION ASSETS (Continued)

The following is a schedule of the current work expenditure and share issuance commitments:

| Year Ended On | Annual Work Expenditure | Cumulative Total |
|---|---|---|
| | $ | $ |
| 1st Anniversary of Effective Date (completed fiscal 2011) | 200,000 | 200,000 |
| 2nd Anniversary of Effective Date (completed fiscal 2012) | 450,000 | 650,000 |
| August 17, 2014 (completed fiscal 2015) | 200,000 | 850,000 |
| 5th Anniversary of Effective Date (amended as of February 11, 2015 to be due August 17, 2015 and further amended as of August 17, 2015 to be due November 17, 2015) | 450,000 | 1,300,000 |
| 6th Anniversary of Effective Date (due February 17, 2016) | 1,250,000 | 2,550,000 |
| Total | 2,550,000 | |

In addition to the work expenditures, Shamrock must also make the following cash payments to Regulus to maintain and exercise the Option:

| Due Date | Cash Payments |
|---|---|
| | $ |
| Upon execution of option agreement (paid fiscal 2011) | 50,000 |
| 1st Anniversary of the Effective Date (paid fiscal 2011) | 50,000 |
| 2nd Anniversary of the Effective Date (paid fiscal 2012) | 100,000 |
| 5th Anniversary of the Effective Date (amended as of February 11, 2015 to be due August 17, 2015 and further amended as of August 17, 2015 to be due November 17, 2015) | 200,000 |
| 6th Anniversary of the Effective Date (due February 17, 2016) | 250,000 |
| Total | 650,000 |

The Company is also committed to making land tenure payments to keep the property in good standing during the term of the option.

## 7. EXPLORATION AND EVALUATION ASSETS (Continued)

In addition to the work expenditures and cash, Shamrock was also required to issue and deliver the following shares of its capital stock to Regulus to maintain and exercise the option:

| Due Date | Share Issuances | Amount |
|---|---|---|
| | | $ |
| Within 5 business days of the listing of the Company's shares on the Canadian National Stock Exchange (issued fiscal 2011) | 100,000 | 35,000 |
| 1st Anniversary of the Effective Date (issued fiscal 2011) | 200,000 | 66,000 |
| 2nd Anniversary of the Effective Date (issued fiscal 2012) | 200,000 | 34,000 |
| 3rd Anniversary of the Effective Date (issued fiscal 2013) | 250,000 | 15,000 |
| 4th Anniversary of the Effective Date (issued fiscal 2014) | 250,000 | 12,500 |
| Total | 1,000,000 | 162,500 |

## 8. LOANS PAYABLE

At May 31, 2015 the Company had the following loans payable:

- $5,000: unsecured, with interest accruing at 12% per annum from the issue date of February 23, 2015, and maturing on February 23, 2016. Interest may be paid on a quarterly basis or in arrears on the maturity date. At any time prior to the maturity date, the Company may elect to repay the loan upon 30 days' prior notice.
- $1,200: unsecured, with interest accruing at 12% per annum from the issue date of May 28, 2015, and maturing on May 28, 2016. Interest may be paid on a quarterly basis or in arrears on the maturity date. At any time prior to the maturity date, the Company may elect to repay the loan upon 30 days' prior notice.
- $21,000: unsecured, non-interest bearing and with no specific terms of repayment, due to a director and acting CFO

## 9. EQUITY AND RESERVES

### Share Capital

The Company is authorized to issue an unlimited number of commons shares without par value.

***For the year ended May 31, 2015***

On July 15, 2014 and August 29, 2014, the Company settled $41,250 and $32,500 in related and non-related party debts by issuance of 750,000 and 650,000, respectively, of common shares of the Company.

## 9. EQUITY AND RESERVES (continued)

***For the year ended May 31, 2014***

The Company completed a non-brokered private placement of 2,640,000 Units at $0.05 per Unit for gross proceeds of $132,000. Each Unit comprises one common share without par value in the capital of the Company and one common share purchase warrant of the Issuer. Each Warrant shall entitle the holder to acquire on common share of the Company for a period of two years from the date of issuance of the Warrant with an exercise price of $0.10 per share in the first year, and an exercise price of $0.14 per share in the second year. The Company paid $1,000 in cash finder's fees.

The Company issued 20,000 finder warrants in connection with the private placement. Each whole warrant entitled the holder to purchase an additional common share at $0.10 per share. The warrants were valued at $3,254 using the Black-Scholes option pricing model with an average risk-free rate of 1.07%, expected life of 2 years, volatility of 93.82% and dividend yield of 0%.

The Company issued 100,000 common shares with a fair value of $4,000 to Regulus to extend the terms of the option agreement. In addition, the Company issued 250,000 common shares with a fair value of $12,500 to Regulus in accordance with its February 17, 2010 option agreement.

### Escrow shares

No shares were held in escrow at May 31, 2015 or at May 31, 2014.

### Stock Options

***Stock-Option Plan***

The Company has a stock option plan in place. Under the stock option plan the Company can issue up to 10% of the issued and outstanding Shares as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued Shares of the Company in any 12 month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued Shares of the Company. The options granted under the Stock Option Plan are subject to the vesting schedule of the Stock Option Plan wherein 25% of the options will vest on the day which is 3 months from the day of grant and 25% of the options will vest every 3 months thereafter for a period of 12 months after the day of grant.

***For the year ended May 31, 2015***

The Company incurred stock-based compensation expenses of $9,468, which were charged to the statement of loss and comprehensive loss and credited to contributed surplus. On May 11 2015, 900,000 stock options were granted to directors and advisors of the company exercisable at $0.05 per share. The options have a five year expiry date from date of grant.

The fair value of the stock options granted were estimated using the Black-Scholes option pricing model with a risk-free rate of 1.10%, expected life of 5 years, volatility of 135.68% and dividend yield of 0%.

## 9. EQUITY AND RESERVES (continued)

***For the year ended May 31, 2014***

The Company incurred stock-based compensation expenses of $918 which were charged to the statement of comprehensive loss and credited to contributed surplus. On April 15, 2014, 100,000 stock options were granted to a consultant of the company exercisable at $0.05 per share. The options have a two year expiry date from date of grant. On May 28, 2014, 254,000 stock options were granted to consultants of the company exercisable at $0.05 per share. The options have a five year expiry date from date of grant.

The fair value of the stock options granted were estimated using the Black-Scholes option pricing model with a risk-free rate of 1.07%, expected life of 2-5 years, volatility of 93.82% and dividend yield of 0%.

**Summary of stock option activity**

| | Number of Options | Weighted Average Exercise Price | Weighted Average Life Remaining (Years) |
|---|---|---|---|
| | | $ | |
| **Balance, May 31, 2013** | **1,235,000** | 0.24 | 3.65 |
| Expired | **(150,000)** | 0.30 | |
| Granted | **354,000** | 0.05 | |
| **Balance, May 31, 2014** | **1,439,000** | 0.18 | 2.44 |
| Cancelled | **(1,189,000)** | 0.21 | |
| Granted | **900,000** | 0.05 | |
| **Balance, May 31, 2015** | **1,150,000** | 0.05 | 4.47 |

A summary of the Company's outstanding and exercisable share options at May 31, 2015 is presented below:

| Outstanding Options | | | Exercisable Options | |
|---|---|---|---|---|
| **Exercise Price** | **Number of Options** | **Weighted Average Life Remaining (Years)** | **Number of Options** | **Weighted Average Exercise Price** |
| **$0.05** | **100,000** | **0.08** | **100,000** | **$0.05** |
| **$0.05** | **150,000** | **3.99** | **150,000** | **$0.05** |
| **$0.05** | **900,000** | **4.95** | **-** | **-** |

## 9. EQUITY AND RESERVES (continued)

Summary of stock options outstanding:

| Options | Exercise Price | Expiry Date |
|---|---|---|
| | **$** | |
| 100,000 | 0.05 | April 15, 2016 |
| 150,000 | 0.05 | May 28, 2019 |
| 900,000 | 0.05 | May 11, 2020 |
| **1,150,000** | | |

### Warrants

***For the year ended May 31, 2015***

No share purchase warrants were issued during the year.

***For the year ended May 31, 2014***

In connection with a private placement, the Company granted 2,660,000 share purchase warrants. Each Warrant shall entitle the holder to acquire one common share of the Company for a period of two years from the date of issuance of the Warrant with an exercise price of $0.10 per share in the first year, and an exercise price of $0.14 per share in the second year. The Company may pay a finder's fee to authorized persons.

Summary of warrant activity:

| | Number of Warrants | Weighted Average Exercise Price | Weighted Average Life Remaining (Years) |
|---|---|---|---|
| **Balance, May 31, 2013** | **2,906,120** | **$0.10** | **0.21** |
| Granted | 2,660,000 | $0.10 | 1.81 |
| Expired | (2,906,120) | | |
| **Balance, May 31, 2014** | **2,660,000** | **$0.10** | **1.87** |
| Expired | (1,040,000) | | |
| **Balance, May 31, 2015** | **1,620,000** | **$0.14** | **0.97** |

Summary of warrants outstanding at May 31, 2015:

| Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 270,000 | $0.14 | April 10, 2016 |
| 1,350,000 | $0.14 | May 26, 2016 |
| **1,620,000** | | |

## 10. COMMITMENTS

The Company is committed to certain contractual obligations described in Note 7.

## 11. 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 $39,000 (May 31, 2014 – $78,000) in management fees provided by a director and acting CFO. In addition, the Company incurred $6,500 (May 31, 2014 – $30,000) in costs related to office space and storage provided by the consultant. The Company incurred $1,875 (May 31, 2014 - $Nil) in field costs for the consultant. On July 15, 2014, the Company settled $41,250 in debts to the director by issuance of 750,000 common shares of the Company. As at May 31, 2015, the Company owed the director $97,710 (May 31, 2014 - $96,411) for expenses incurred on behalf of the Company, unpaid rent, and unpaid management fees, plus a further $21,000 (May 31, 2014 - $Nil) for loan advances.

The Company incurred $11,300 (May 31, 2014 – $30,000) of professional fees from PubliCo Services Ltd., a company controlled by an officer, for corporate secretarial services performed. As at May 31, 2015, the Company owed $44,365 (May 31, 2014 - $32,500) to PubliCo Services Ltd. for corporate secretarial services performed.

The Company incurred $6,000 (May 31, 2014 - $30,000) of professional fees from Midland Chartered Accountants Ltd., a company controlled by former officer for accounting and administrative services performed. On August 29, 2014, the Company settled $32,500 in debts to Midland Chartered Accountants Ltd. by issuance of 650,000 common shares of the Company. As at May 31, 2015, the Company owed $6,000 (May 31, 2015 - $32,500) to Midland Chartered Accounts Ltd. for accounting and administrative services rendered. The officer resigned from his position with the Company during the year.

The Company incurred $72,000 (May 31, 2014 - $72,000) of professional fees from a company controlled by a director and CEO for business development and management services performed. In addition, the Company incurred $1,875 (May 31, 2014 $Nil) in field costs for the company. As at May 31, 2015, the Company owed $94,975 (May 31, 2014 - $29,500) to the director’s company.

The Company incurred $3,000 (2014: $Nil) of geologist fees provided by a director of the Company. As at May 31, 2015, the company owed $3,000 (May 31, 2014 - $Nil) to the director.

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

## 12. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate statutory income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

| | May 31, 2015 | May 31, 2014 |
|---|---|---|
| | $ | $ |
| Loss for the year | (203,634) | (286,992) |
| Corporate statutory rate | 26% | 26% |
| Expected tax recovery | (52,945) | (74,618) |
| Non-deductible items | 2,988 | 515 |
| Share issuance costs | (13,755) | (13,755) |
| Impact of rate change | - | 13,447 |
| Adjustment | 13,754 | - |
| Change in unrecognized deferred tax assets | 49,958 | 74,411 |
| Income tax expense (recovery) | - | - |

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

| | May 31, 2015 | May 31, 2014 |
|---|---|---|
| | $ | $ |
| Mineral property resource tax pools | (937) | (937) |
| Share issuance costs | 5,500 | 19,254 |
| Non-capital loss carry-forward | 474,715 | 411,003 |
| Unrecognized deferred tax assets (liabilities) | 479,278 | 429,320 |

## 12. INCOME TAXES (continued)

The Company has non-capital loss carryforwards of approximately $1,825,827 (May 31, 2014 - $1,580,782 which can be applied to reduce future taxable income, expiring as follows:

| **Expiry** | **Amount** |
|---|---:|
| | $ |
| 2028 | 6,576 |
| 2029 | 57,620 |
| 2030 | 125,999 |
| 2031 | 290,615 |
| 2032 | 380,150 |
| 2033 | 381,906 |
| 2034 | 337,916 |
| 2035 | 245,045 |
| | $1,825,827 |

## 13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The following significant non-cash transactions have been excluded from the statements of cash flows:

***For the year ended May 31, 2015***
On July 15, 2014 and August 29, 2014, the Company settled $41,250 and $32,500 in related and non-related party debts by issuance of 750,000 and 650,000, respectively, of common shares of the Company.

***For the year ended May 31, 2014***
The Company issued 350,000 shares with a fair value of $16,500 in accordance with the Fireweed Property option agreement (Notes 7 and 9).

## 14. SUBSEQUENT EVENTS

On July 30, 2015, the Company completed a private placement of 1,336,866 Units at $0.03 per Unit for gross proceeds of $40,106. Each Unit comprised one common share without par value in the capital of the Company and one common share purchase warrant. Each such warrant entitles the holder to acquire one common share of the Company for a period of two years from the date of issuance of the warrant, with an exercise price of $0.05 per share in the first year, and an exercise price of $0.07 per share in the second year. The Company issued 25,860 warrants as a finder's fee in connection with the private placement, having the same terms and conditions as the Unit warrants.

On August 17, 2015, the Company received an additional extension to its property option agreement with Regulus Resources Inc. in regard to the Fireweed property, located in the Omineca Mining Division, Babine Lake Area, near Smithers, British Columbia. The Company and Regulus have agreed to further extend the cash payment and minimum work expenditure commitments due August 17, 2015 to November 17, 2015. Regulus has agreed that no further remuneration is required prior to that date.