

**Shamrock Enterprises Inc.  
Management Discussion and Analysis  
For the Three months ended August 31, 2019**

**Issued October 29, 2019**

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

This Management Discussion and Analysis (“MD&A”) provides a discussion of the Company’s financial position and the results of its operations for the three months ended August 31, 2019. This MD&A should be read in conjunction with the Company’s condensed interim financial statements and related notes for the three months ended August 31, 2019, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Since the condensed interim financial statements do not include all disclosure required by IFRS for annual statements, they should also be read in conjunction with the Company’s audited financial statements for the year ended May 31, 2019.

### **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 29, 2019.

Additional information relating to the Company can be located on its website:

<https://www.shamrockresources.com/index.php>

### **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. On November 10, 2010, the Company completed its Initial Public Offering of securities and commenced trading on the Canadian Securities Exchange (“CSE”) under stock symbol SRS.

The Company is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of precious and base metals projects in North America and currently holds a portfolio of exploration stage projects in British Columbia which it continues to evaluate. The Company’s fiscal year end is May 31.

## **EXPLORATION PROPERTIES**

On a regular basis the Company evaluates the potential impairment of its mineral property interests when facts and circumstances indicate that the carrying value of a mineral property may exceed its recoverable value. All properties are early stage exploration properties.

**Stellar Project** - Consists of the owned Stellar mineral tenures covering 2,343.58 hectares and the optioned adjoining Buckley claims. These claims are contiguous to the west, north and east of the recently reported porphyry copper style discovery reported by ML Gold Corp., (TSX-V: MLG) from recent drilling on their Stars property (<https://www.mlgoldcorp.com/index.php>). An airborne magnetic survey was completed in February 2019.

**Buckley Project** – Located approximately 25 kms southwest of Houston B.C., the Buckley Project consists of 24 mineral claims covering 15,371.5 hectares and is contiguous with Shamrock's Stellar claims. The Buckley and Stellar properties lie along the north-western margin of the Nechako Plateau in west-central British Columbia, bordering the east side of the Coast Mountains.

**Portland Project** - Covers 16 mineral claims within British Columbia's "Golden Triangle" near Stewart B.C. The properties include the Portland Project, 22 km northeast of Stewart, consisting of 14 contiguous mineral claims covering an area of 2,416 hectares (over 24 sq. km) and two additional separate mineral claims, the American Creek and Kimball Lake claims, 37 km and 42 km northeast of Stewart, covering a combined area of 359 hectares.

The Golden Triangle hosts some of the world's largest precious metal discoveries. The historic Eskay Creek gold/silver deposit produced over 160 million ounces of silver and 3 million ounces of gold. Closer to Stewart, the world's largest undeveloped gold deposit, Seabridges's KSM project is permitted for production with proven and probable reserves of over 38 million ounces of gold and 10 billion pounds of copper with a mine life of 52 years. The Valley of the Kings deposit, owned by Pretivm Resources, began production in 2017 and hosts reserves of 8.7 million ounces of gold.

Shamrock's Portland Project is intersected by Hwy 37A, 22 km northeast of Stewart and hosts two Minfile occurrences, the Portland prospect and the Victor showing. The Portland claims project borders Pretivm Resources Inc. southern claims and is less than 20 km northwest of IDM Mining's Red Mountain gold/silver project which announced positive feasibility in June 2017.

As a result of the upcoming cash commitments on the Portland Option Agreement, the Company is currently re-evaluating its options. As a result of the current financial position, the Company in accordance with IFRS 6, recorded an impairment as at May 31, 2019.

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

## **HIGHLIGHTS**

### **Funding**

On July 29, 2019, the Company completed a private placement comprised of 4,750,000 non-flow-through units at \$0.02 per unit for total gross proceeds of \$95,000. Each unit consisted of common share and one share purchase warrant. One purchase warrant is exercisable to acquire one common share at \$0.04 for

two years from the date of issuance. The Company uses the residual method of valuing its warrants and have allocated \$23,750.

### **Buckley Project**

The Company has completed the acquisition from a private vendor of a 100-per-cent interest in the Buckley project mineral claims, in British Columbia, approximately 57 kilometres southwest of Houston, B.C. The Buckley claims comprise 24 mineral claims covering an area of 15,317.5 hectares. Shamrock now holds title to 18,546 hectares known as the Stellar project, which border the eastern, western and, perhaps most importantly, the northern part of ML Gold's Stars porphyry copper-gold-silver-molybdenum (Cu-Au-Ag-Mo) discovery.

### **Milly Property**

On October 29, 2019, the Company announced that it has terminate the Option Agreement, accordingly all related costs, totalling \$22,081, comprised of property acquisition (\$6,000) and exploration and evaluation expenditures (\$16,081) were written-off to the statement of loss as at August 31, 2019.

### **Appointment of CFO**

On October 16, 2019, the Company has appointed Nizar Rayani as chief financial officer and to the board of directors of Shamrock. Mr. Rayani brings over 30 years of experience in internal and external auditing, accounting and management. Mr. Rayani replaces the company's acting chief financial officer, Bob Faris, who remains as president and chief executive officer.

Mr. Rayani began his career at PricewaterhouseCoopers, before heading up Canada's largest stationery company, Murphy Stationery, from 1974 to 1996. Murphy Stationery was acquired by Corporate Express (now Staples Inc.) in 1996. Mr. Rayani was born in Kenya and was educated in England, where he completed his formal education at Cambridge University. He is a certified accountant (KE) and a fellow of the Institute of Accountants of England and Wales. Currently, Mr. Rayani runs a small accounting practice for high-net-worth clients.

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

The Company is pursuing funding to allow it to continue evaluation of its Stellar and Buckley mineral projects, all of which are in good standing.

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

|  | <b>May 31,<br/>2019</b> | <b>May 31,<br/>2018</b> | <b>May 31,<br/>2017</b> |
|--|-------------------------|-------------------------|-------------------------|
|  | \$                      | \$                      | \$                      |
| Income Statement                                   |                         |                         |                         |
| Net (loss) income                                  | (417,249)               | (307,188)               | (1,358,955)             |
| Net (loss) income per share<br>(basic and diluted) | (0.01)                  | (0.01)                  | (0.05)                  |
| Balance Sheet                                      |                         |                         |                         |
| Total resource properties                          | 246,485                 | 205,281                 | -                       |
| Total assets                                       | 269,639                 | 211,139                 | 15,072                  |
| Total long-term liabilities                        | -                       | -                       | -                       |

The increase in the net loss in May 31, 2017 can be attributed to the \$1,209,355 write-down of the Company's Fireweed mineral property. During the year ended May 31, 2019, the decided not to pursue the Topley-Richfield and may not continue with the Portland project and recorded an aggregate write-down of \$201,975.

#### **FOURTH QUARTER**

N/A

#### **RESULTS OF OPERATIONS**

The Company has not generated revenue to date and recorded a net loss of \$43,956 for the three months ended August 31, 2019 as compared to the net loss of \$72,522 for the corresponding three months ended 2018. The decrease can be attributed to the \$30,000 in gain on debt settlement with a consultant.

Total expenses for the three months ended August 31, 2019 amounted to \$73,956 which is comparable to the \$72,522 for the prior period ended 2018.

During the current quarter the Company entered into an agreement with a consultant to help brand and market the Company in front of real world investors. The consultant will provide full-service digital advertising which targets specific users. This agreement is for one year and commenced in August 2019.

Professional fees were lower by approximately \$4,000 in the current year primarily due to a net decrease for outside business development consulting. See related party section for compensation paid to directors and officers of the Company.

Loan interest for the current period was \$1,606 which is higher than the \$1,203 in the prior period. The increase can be attributed to an increase in the loan balance.

There was no share-based compensation for the current period as compared to \$19,584 for the prior period. Share-based compensation in the prior period relates to stock options granted after August 31, 2017. Share-based compensation is a non-cash transaction.

All other costs were consistent with that of the prior period.

During the three months ended August 31, 2019, the Company incurred approximately \$5,315 in exploration cost on its mineral properties. On October 28, 2019, the Company announced that it has terminated the Milly Option Agreement, accordingly all related costs, totalling \$22,081, comprised of property acquisition (\$6,000) and exploration and evaluation expenditures (\$16,081) were written-off to the statement of loss as at August 31, 2019.

## SELECTED QUARTERLY INFORMATION

| Quarters Ended                      | Aug 31<br>2019 | May 31<br>2019 | Feb 28<br>2019 | Nov 30<br>2018 | Aug 31<br>2018 | May 31<br>2018 | Feb 28<br>2018 | Nov 30<br>2017 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net loss                            | \$ (43,956)    | \$ (229,452)   | \$ (52,789)    | \$ (62,486)    | \$ (72,522)    | \$ (73,673)    | \$ (121,361)   | \$ (66,505)    |
| Basic and diluted<br>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*

A review of the quarterly results over the last eight quarters shows a substantial variance which can be attributed to the Company incurring varying professional, office and general, and share-based compensation costs, period over period. The most noticeable variation is in the May 31, 2019 quarter, as that includes a \$201,975 write-down of the Company's Topley-Richfield and Portland mineral properties.

The Company's operations consist of evaluating, acquiring and exploring mineral properties, to try and discover economically recoverable reserves. In addition, the Company is actively seeking equity financing to fund its 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 has not generated revenue from operations. The Company incurred a net loss of \$43,956 for the three months ended August 31, 2019 and as of that date the Company's accumulated deficit was \$3,970,111. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

During the three months ended August 31, 2019, cash decreased by \$7,233. The Company used \$77,555 in operating activities, used \$24,678 in investing activities consisting of \$20,000 in purchase of mineral properties and \$4,678 in exploration and evaluation expenditures. The Company received \$95,000 in financing activities from the issuance of 4,750,000 common shares pursuant to private.

The Company had cash of \$9,043 and other current assets of \$56,122 at August 31, 2019 as compared to \$16,276 in cash and other current assets of \$6,878 for the year ended May 31, 2019. As at August 31, 2019, the Company had a working capital deficit of \$400,781 as compared to a working capital deficit of \$471,091 for May 31, 2019.

The Company believes that the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and its continuous search for other resource opportunities. The Company will continue to monitor the current

economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On July 29, 2019, the Company completed a private placement comprised of 4,750,000 non-flow-through units at \$0.02 per unit for total gross proceeds of \$95,000. Each unit consisted of common share and one share purchase warrant. One purchase warrant is exercisable to acquire one common share at \$0.04 for two years from the date of issuance.

As at August 31, 2019, the Company had the following cash commitments:

#### Loans payable

1. From a non-related party, a series of unsecured loans totaling \$12,700 (May 31, 2019: \$12,700), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment. During the three months ended August 31, 2019, \$384 (2018: \$568) of interest was accrued on the loan amounts. Total accrued interest at August 31, 2019 was \$6,653 (May 31, 2019: \$6,269).
2. From a second non-related party, the estate of a former director, \$21,000 (May 31, 2019: \$21,000), unsecured, with interest at 12% per annum from June 1, 2015 and no specific terms of repayment. During the three months ended August 31, 2019, \$635 (2018: \$635) of interest was accrued on the loan. Total accrued interest at August 31, 2019 was \$10,715 (May 31, 2019: \$10,080).
3. From a third non-related party, \$10,000 (May 31, 2019: \$10,000), with interest accruing at 12% per annum from September 11, 2018 and no specific terms of repayment. During the three months ended August 31, 2019, \$302 (2018: \$Nil) of interest was accrued on the loan. Total accrued interest at August 31, 2019 was \$1,167 (May 31, 2019: \$865).
4. From a spouse of a director of the Company, \$9,400 (May 31, 2019: \$9,400), with interest accruing at 12% per annum from September 27, 2018 and no specific terms of repayment. During the three months ended August 31, 2019, \$284 (2018: \$Nil) of interest was accrued on the loan. Total accrued interest at August 31, 2019 was \$1,087 (May 31, 2019: \$803).

## **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.

### **Risk Factors**

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.
- 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.

## RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate values of transactions relating to key management personnel were as follows:

|  | Relationship  | 2019          | 2018   |
|--|---|---------------|--------|
|  |   | \$            | \$     |
| <b><u>Consulting fees</u></b>          |   |               |        |
| 0783701 BC Ltd.                        | Company controlled by Bob Faris,<br>President, CEO and Director | <b>22,500</b> | 22,500 |
| Pacific Blue Holdings Inc.             | Company controlled by Monita<br>Faris, Corporate Secretary      | <b>1,250</b>  | 1,700  |
| <b><u>Exploration expenses</u></b>     |   |               |        |
| CJ Greig & Associates Ltd.             | Company controlled by Charlie J.<br>Grieg, Director             | <b>5,316</b>  | 31,498 |
| <b><u>Stock-based compensation</u></b> |   |               |        |
| Charlie Greig                          | Director  | -             | 8,487  |
| Scott Ansell                           | Director  | -             | 3,395  |



|  |                     |               |        |
|--|---------------------|---------------|--------|
| Monita Faris                             | Corporate Secretary | -             | 849    |
| Total fees and other short-term benefits |                     | <b>29,066</b> | 69,429 |

Included in due to related parties at August 31, 2019, \$190,221 (May 31, 2019 - \$174,406) was owing to key management personnel or to a company controlled by a director or by key management personnel. The amounts are non-interest bearing, unsecured, and have no specific terms of repayment.

At August 31, 2019, \$21,000 loan (May 31, 2019: \$21,000) was due to the estate of a former director, together with accrued interest totaling \$7,560 (May 31, 2019: \$7,560) and a \$9,400 (May 31, 2019 - \$9,400) was due to the spouse of a director of the Company, together with accrued interest total \$1,087 (May 31, 2019: \$803). (See Note 5 to the condensed interim financial statements)

## **SUBSEQUENT EVENT**

On October 29, 2019, the Company announced that it has terminate the Milly Option Agreement.

## **OFF-BALANCE SHEET TRANSACTIONS**

Shamrock 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:

### **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 the financial statements.

## 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.

### *Going Concern*

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

### *Flow-through shares*

The Company determines the flow-through share premium by allocating the total funds received between common share and flow-through premium liability by first assessing the fair value of the common shares issued, based on market price at issuance, with any excess considered being allocated to warrants (if any) and the flow-through premium.

## PROPOSED TRANSACTIONS

Shamrock does not have any proposed transactions at the date of this MD&A.

## OTHER INFORMATION

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

## SELECTED SHARE CAPITAL DATA

### *Outstanding Share and Equity Instrument Information*

| Security type                | Issued and Outstanding |                 |
|------------------------------|------------------------|-----------------|
|                              | Date of MDA            | August 31, 2019 |
| Common shares issued         | 51,614,723             | 51,641,723      |
| Stock options outstanding    | 2,900,000              | 2,900,000       |
| Warrants outstanding         | 8,810,781              | 8,810,781       |
| Agent's warrants outstanding | 168,000                | 168,000         |
| Total – fully diluted        | 63,493,504             | 63,493,504      |