

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **2004-05-18** | Period of Report: **2004-03-31**
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FILER

SHANNON INTERNATIONAL RESOURCES INC

CIK: **1081047** | State of Incorporation: **NV** | Fiscal Year End: **0630**
Type: **10QSB** | Act: **34** | File No.: **000-30254** | Film No.: **04815246**
SIC: **1382** Oil & gas field exploration services

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the nine month period ended March 31, 2003

Transition report under Section 13 or 15(d) of the Securities Exchange Act

For the transition period from _____ to _____

Commission file number: 000-30254

SHANNON INTERNATIONAL RESOURCES INC.

(Name of Small Business Issuer in its Charter)

Nevada

(State or other Jurisdiction
of Incorporation or Organization)

98-02049656

(IRS Employer
Identification No.)

2000, 715 5th Avenue, S.W., Calgary, Alberta T2P 2X6

(Address of Principal Executive Offices) (Zip Code)

(403) 538-3706

(Issuer's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year,
if Changed from Last Report)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such short period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of May 14, 2004, the Registrant had 19,975,000 shares of common stock, \$0.001 par value, outstanding.

Transitional Small Business Disclosure Format (check one):

Yes No

Item 1. Financial Statements.

SHANNON INTERNATIONAL RESOURCES, INC.

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<TABLE>
<CAPTION>

SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)

Balance Sheet

ASSETS

	March 31, 2004 ----- (Unaudited) <C>	June 30, 2003 ----- (See Note 1) <C>
<S>		
CURRENT ASSETS		
Cash	\$ 22,326	\$ 16,048
Prepaid expense and advances	3,757	526
Investments in marketable securities	350,773	414,854
Total current assets	376,856	431,428
Furniture and Fixtures, net	1,152	1,296
Investments in unevaluated oil and gas properties (full cost method)	865,083	575,485
Total Fixed Assets	866,235	576,781
Deferred acquisition costs	200,642	--
Total assets	\$ 1,443,733 =====	\$ 1,008,209 =====

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 34,521	\$ 76,711
Drilling participation payable	--	53,485
Shareholder advances	--	5,019
	-----	-----

Total current liabilities	34,521	135,215
	-----	-----
Total liabilities	34,521	135,215
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - 200,000,000 shares of \$.001 par value authorized; 19,975,000 and 16,147,024 shares issued and outstanding at March 31, 2004 and June 30, 2003		
	19,975	16,147
Additional paid-in capital	1,615,537	787,110
Common stock warrants	286,594	125,779
Deficit accumulated during exploration stage	(649,639)	(143,824)
Accumulated other comprehensive income (loss)	136,745	87,782
	-----	-----
Total stockholders' equity	1,409,212	872,994
	-----	-----
Total liabilities and stockholders' equity	\$ 1,443,733	\$ 1,008,209
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>
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SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Statements of Operations

(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,		February 7,
	-----		-----		(Inception) to
	2004	2003	2004	2003	March 31,
	-----	-----	-----	-----	2004
<S>	<C>	<C>	<C>	<C>	<C>
Expenses					
Administrative costs	\$ 70,404	\$ 9,458	\$ 107,373	\$ 22,433	\$ 194,012
Consulting	98,392	--	314,895	--	345,459
Professional fees	21,579	23,842	58,228	44,971	158,511
Currency exchange	845	(17,057)	2,182	(15,605)	7,328
	-----	-----	-----	-----	-----
Total expenses	191,220	16,243	482,678	51,799	705,310
	-----	-----	-----	-----	-----
Income (loss) from operations	(191,220)	(16,243)	(482,678)	(51,799)	(705,310)
Other Income and Expenses:					
Interest expense	(448)	--	(1,361)	--	(5,660)
Miscellaneous income	--	(102)	1,252	(4,703)	1,252
Gain on sale of investments	--	17,131	24,240	26,158	60,080
	-----	-----	-----	-----	-----
Income (Loss) before income taxes	(191,668)	786	(458,547)	(30,344)	(649,639)
Income tax benefit	--	6,921	(47,267)	50,544	--
	-----	-----	-----	-----	-----
Net income (loss)	\$ (191,668)	\$ 7,707	\$ (505,814)	\$ 20,200	\$ (649,639)
	=====	=====	=====	=====	=====
Net income (loss) per share	\$ (.01)	\$ *	\$ (.03)	\$ *	\$ (.05)
Weighted number of shares outstanding	19,528,550	14,766,667	18,153,072	14,265,000	11,933,560

* Less than \$.01

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>
<CAPTION>

SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Statements of Operations, Continued

(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,		February 7,
	2004	2003	2004	2003	1999
					(Inception) to
					March 31,
					2004
<S>	<C>	<C>	<C>	<C>	<C>
Other comprehensive income:					
Net income (loss)	\$ (191,668)	\$ 7,707	\$ (505,814)	\$ 20,200	\$ (649,639)
Unrealized gain (loss) on marketable securities, net of deferred income taxes	(2,243)	12,853	48,963	(26,923)	136,745
Total other comprehensive income (loss)	\$ (193,911)	\$ 20,560	\$ (456,851)	\$ (6,723)	\$ (512,894)

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>
<CAPTION>

SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Statements of Cash Flows

(Unaudited)

	Nine Months Ended March 31, 2004	Nine Months Ended March 31, 2003	Inception (February 17, 1999) to March 31, 2004
<S>	<C>	<C>	<C>
Operating activities:			
Net income (loss)	\$ (505,814)	\$ 20,200	\$ (649,639)
Reconciling adjustments:			
Depreciation expense	143	15,604	192
Gain on Sale of Stock	(24,240)	26,158	(60,080)
Stock issued for services	223,576	(11,559)	223,576
Change in assets and liabilities:			
Accounts payable and advances	(42,190)	43,713	88,005
Deferred income tax benefit	47,267	--	--
Prepaid expenses and other	(3,231)	11,047	(3,756)
Net cash from operating activities	(304,489)	105,163	(401,702)
Investing activities:			
Acquisition of oil and gas properties	(240,551)	(264,681)	(816,036)
Acquisition of furniture and fixtures	--	(1,344)	(1,344)
Investing in marketable securities	(29,882)	(155,190)	(368,178)

Deferred acquisition costs	(200,642)	--	(200,642)
Sales of marketable securities	17,367	--	111,698
	-----	-----	-----
Net cash from investing activities	(453,708)	(421,215)	(1,274,502)
Financing activities:			
Common stock issued for services	--	--	--
Cash received for shares sold	764,475	215,000	1,684,762
Loans from shareholder	--	100,000	13,768
	-----	-----	-----
Net cash from financing activities	764,475	315,000	1,698,530
Net change in cash and cash equivalents	6,278	(1,052)	22,326
Cash at beginning of period	16,048	17,580	--
	-----	-----	-----
Cash at end of period	\$ 22,326	\$ 16,528	\$ 22,326
	=====	=====	=====
Supplemental disclosure of cash flow information			
Cash paid during the period for			
Interest	\$ 1,361	\$ --	\$ --
Income taxes	--	--	--
Noncash investing and financing activities			
Marketable securities exchanged for debt	--	--	102,532
Stock issued to satisfy debt	--	--	5,019

</TABLE>

The accompanying notes are an integral part of these statements

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SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Notes to Unaudited Financial Statements
March 31, 2004

Note 1 - Management's Statement

The financial statements included herein have been prepared by Shannon International Resources, Inc. (Company) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on 10-QSB. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations, and Shannon International Resources, Inc. believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the June 30, 2003, audited financial statements and the accompanying notes included in the Annual Report Form 10-KSB filed with the Securities and Exchange Commission. While management believes the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are in some respect's dependent upon the facts that will exist, and procedures that will be followed by Shannon International Resources, Inc. later in the year. The results of operations for the interim periods are not necessarily indicative of the results for the full year. In management's opinion all adjustments necessary for a fair presentation of the Company's financial statements are reflected in the interim periods included.

Amounts shown for June 30, 2003 are based upon the audited financial statements of that date. Certain comparative figures have been reclassified to conform to the current year presentation.

Note 2 - Organization

The Company was incorporated pursuant to the provisions of the corporate charter of the State of Nevada on February 17, 1999. The Corporation established June 30th as its year-end.

The Corporation's primary business activity to date has been the acquisition, exploration, development and production of oil & gas properties in the province of Prince Edward Island, Canada. The Company has recently expanded its focus to include software investments. The Corporation is in the exploration stage.

The Company incorporated a wholly-owned subsidiary, Shannon Investments, Ltd. (a Canadian Corporation) ("Investments") as of August 15, 2003. Investments has had no activity to date.

Note 3 - Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted principles in the United States of America, which contemplates continuation of the Company as a going concern. However, the Company has sustained operating losses since inception. This fact raises substantial doubt about the Company's ability to continue as a going concern. Management plans to obtain additional capital to further develop the Company's business plan.

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SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Notes to Unaudited Financial Statements
March 31, 2004

Note 4 - Stockholders' Equity

During the nine months ended March 31, 2004, the Company sold 3,482,976 shares of common stock for \$769,475 (weighted average \$.21 per share), and issued 345,000 shares for services, valued at \$182,450 (weighted average \$.53 per share) based on fair market value on the date issued.

The company also issued options to a consultant for 100,000 shares, exercisable at \$.40 per share for a term of five years, values at \$41,126 based on fair market value on the date issued.

Note 5 - Deferred Acquisition Cost

During the nine months ending March 31, 2002, the Company advanced \$200,642 in connection with the acquisition of Logical Sequence Incorporated ("LSI"), a private Canadian company engaged in the development of automotive dealer management systems. The Company expects to close the acquisition within the next twelve months, at which time the amounts advanced will be included in the cost of the subsidiary acquired.

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SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Notes to Unaudited Financial Statements
March 31, 2004

Note 6 - Stock-based compensation

The following is a table of outstanding options and changes during the period

ending March 31, 2004:

<TABLE>
<CAPTION>

	Employee Options	Non- Employee Options	Weighted Average Exercise Price
<S>	<C>	<C>	<C>
Options Outstanding, June 30, 2002	450,000	--	.10
Options granted:			
Employees/Directors	325,000	--	.25
Non-employees	--	--	--
Options expired	--	--	--
Options exercised	--	--	--
Options Outstanding, June 30, 2003	775,000	--	.16
Options granted:			
Employees/Directors	1,000,000	--	.69
Non-employees	--	100,000	.40
Options expired	--	--	--
Options exercised	--	--	--
Options Outstanding, March 31, 2004	1,775,000	100,000	.48

</TABLE>

Outstanding options vest as follows:

<TABLE>
<CAPTION>

<S>	<C>	<C>		<C>	<C>	Weighted Average Exercise Price
		Range of Exercise Prices				
		Low	High	Number of Shares		
Vested at June 30						
2002 and earlier	.10	.10		450,000	\$.10
2003	.25	.25		325,000	\$.25
2004	.40	.85		466,666		.44
2005	.50	.85		366,666		.38
2006	.50	.85		266,668		.27
				1,875,000		

</TABLE>

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SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Notes to Unaudited Financial Statements
March 31, 2004

Options granted consist of:

Year and Exercise price relative to fair value of underlying stock	Weighted Average Fair Value at Grant Date	Weighted Average Exercise Price
---	---	------------------------------------

Year ending June 30, 2003:		
Exercise price less than fair value	.25	.25
Year ending June 30, 2004:		
Exercise price equals fair value	.60	.66

If not previously exercised or canceled, options outstanding at March 31, 2004 will expire as follows:

<TABLE>
<CAPTION>

	Year Ending June 30,	Range of Exercise Prices		Number of Shares	Weighted Average Exercise Price
		High	Low		
<S>	<C>	<C>	<C>	<C>	<C>
	2008	.50	.10	1,275,000	\$.28
	2009	.85	.75	600,000	.82
				1,875,000	.46

</TABLE>

The fair value of each option granted was computed by the Black-Scholes method using the following weighted-average assumptions:

	Year Ended June 30, 2004
Expected Volatility:	150%
Risk-free interest rate:	.90%
Expected Dividends:	----
Expected Term in Years:	5

As permitted by FASB Statement No. 123, the company applies the methods of APB 25 and related interpretations in accounting for stock options issued to employees. Accordingly, no compensation cost was recognized for grants of employee options because all were issued with exercise prices less than or equal to the fair value of the underlying stock at the grant date. If compensation cost had been determined based on the estimated fair value (using methods consistent with FASB Statement No. 123) of the options at grant date, the Company's net income and earnings per share would have been replaced with the following amounts:

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SHANNON INTERNATIONAL RESOURCES, INC.
(an Exploration Stage Company)
Notes to Unaudited Financial Statements
March 31, 2004

	Nine Months Ended March 31, 2004	
	As Reported	Pro forma
Net loss:	(505,814)	(737,493)
Net loss per share:	(.03)	(.04)

Item 2. Management's Discussion and Analysis or Plan of Operation.

Overview

The Company holds a 25% Working Interest in one permit (96-06) and a further five percent Working Interest in six additional permits ((96-04, 96-05, 96-07, 96-08, 96-09, 96-10) granting the exclusive right to carry out geological-geophysical work and exploratory drilling for all petroleum, natural gas and coalbed methane gas in the areas of the permits located in Prince Edward Island, Canada.

The Company intends to follow the full cost method of accounting for oil and gas properties. The Company is deemed to be in the planning and exploration stage. Under the full cost method of accounting for oil and gas properties, all costs associated with acquisition, exploration and development of oil and gas reserves, including directly related overhead costs, are capitalized.

All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. In addition, the capitalized costs are subject to a "ceiling test," which basically limits such costs to the aggregate of the "estimated present value," discounted at a ten percent interest rate of future net revenues from proved reserves, based on current economic and operating conditions, plus the lower of cost or fair market value of unproved properties.

Sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves or oil and gas, in which case the gain or loss is recognized in income.

Abandonment of properties is accounted for as adjustments of capitalized costs with no loss recognized.

Plan Of Operation

The Company's Plan of Operation is to continue its participation in natural gas exploration on Prince Edward Island while expanding its focus to include investments in companies engaged in information technology businesses.

Natural Gas Exploration Program

The Company through the Joint Operating Agreements has engaged in planning and exploration activities on the Working Interests. The Company is not the operator of the Joint Operating Agreements and, therefore, will not be required to own any equipment. The Company and its joint operating partners have entered into the Joint Operating Agreements described herein to provide the necessary equipment and personnel to carry out the exploration of the joint lands. The Company may not be able to satisfy its cash requirements for the next twelve months and will have to raise additional funds to participate in drilling activities of the Working Interests.

The Company has two operating agreements with joint operating partners with whom it is engaging in exploration activities on its Working Interests. The Joint Operating Agreement for Permit 96-06 is dated October 22, 2001 and the Joint Operating Agreement for Permits 96-04, 96-05, 96-07, 96-08, 96-09 and 96-10 is dated October 23, 2002. The Parties are the Company, CMB Energy Corp., Rally Energy Corp., and The Conquistador Trust. The division of costs and expenses for the covered property is Rally Energy Corp., fifty-five percent, The Conquistador

Trust, seven percent, CMB Energy Corp., thirteen percent and Shannon, twenty five percent. Rally Energy Corp., is the Operator with management responsibility for the operations on the property. The Company held three percent of its working interest in trust for American Manor Enterprises Inc., pursuant to the Participation Agreement dated November 22, 2002 whereby the Company farmed out the three percent to American Manor Enterprises Inc., in consideration of \$180,000 Cdn., paid to complete the Company's cost of drilling, completing or abandoning the first two test wells. In October 2003, the Company purchased the three percent from American Manor Enterprises Inc., for \$135,000 Cdn.

Regarding the Joint Operating Agreement for Permits 96-04, 96-05, 96-07, 96-08, 96-09 and 96-10 dated October 23, 2001, the parties and the division of costs and expenses for the properties covered are the Company five percent, The Conquistador Trust, seven percent, CMB Energy Corp., eight percent and Rally Energy Corp., eighty percent. Rally Energy Corp., is the Operator with management responsibilities for the operations on the properties.

There is drilling activity in the general area of the Company's Working Interests, which has created increased interest in the exploration of the Company's Working Interests. Through the Joint Operating Agreements an exploratory drilling program has been established and commenced. Though no assurances can be given, this program is expected to provide for the drilling of up to five exploration or test wells, two of which have been drilled, to determine whether there are sufficient reserves of natural gas to then develop a program to establish production. Management believes that sufficient reserves would be such reserves that the sale of natural gas from the area at the current market prices would repay the cost of exploration and development of the area within a reasonable time, as well as provide profitable production for a period of time consistent with industry standards. Exploratory data determining the size and pressures of reserves and other drilling factors affecting production cost must first be obtained and then analyzed before a final determination may be made that there are "sufficient" reserves to justify production.

As of September 30, 2003, all available data relevant to the permits had been assembled and analyzed. 1200 kilometers of 2D seismic data has been acquired, assessed and analyzed, along with well logs and core samples. Based on seismic data, core samples and well log analysis, several shallow depth (less than 2000 meters in depth) conventional natural gas targets have been identified. A 126 kilometer 2D seismic acquisition program was completed to supplement the 1200 kilometer existing seismic data, in order to provide information relevant to finalizing the selection of locations for planned exploratory wells.

The focus of the exploration program is on conventional natural gas accumulations at depths of less than 2000 meters. An initial program of up to five wells was initiated. Exploratory drilling began in February 2003. The first exploratory well, Irishtown #2, of the multi-well exploration program reached total depth of 1620 meters. It has been determined by Shannon and its Joint Venture Partners that although gas was evident in several zones, they were not deemed to be commercial and the well has been abandoned. The second exploratory well Seaview #1, situated on a separate structure, was drilled in June 2003 to a total depth of 1610 meters and has been cased as a potential gas well. To date five potential zones have been perforated but commercial quantities of natural gas have not been encountered. Testing of an additional two zones was completed with similar results. However upon investigation it appears that mechanical failure or errors in the perforation process may have occurred and the well has been suspended pending further investigation and study.

Management believes that the general and administrative expenses, capital and operating expenditures related to the implementation of this program is approximately Cdn.\$4,500,000, of which the Company may be expected to provide up to Cdn.\$1,125,000. The Company intends to raise any additional capital required through the private placement or public offering of securities.

In the event the Company is unable to pay its obligations under its existing Working Interests, its Working Interests can be proportionally reduced in favor of whatever joint operating partner or other party pays the delinquent amount. Each joint operating partner must approve the expenditures and provide funding in order to remain a joint operating partner. The approval for expenditures sets forth the specific costs for development of the program, site preparation and drilling for the specific sites for exploratory wells and that these costs will vary due to different conditions such as drilling depth and whether drilling is to be through relatively soft sedimentary layers or dense rock layers.

The Company's business plan is to raise additional capital as required through private placements or public offerings of its equity securities and use the capital to pay its proportional share of the costs of further development of its Working Interests. The Company has not established any limitations on the amount or price for the Company's securities. The Company does not, however, intend to sell such securities as would result in a change in voting control of the Company.

EnerVision - Helical Investment

In May 2003 the Company entered into a subscription agreement with EnerVision Incorporated ("EnerVision") and its subsidiary Helical Systems Inc. ("Helical") of Dartmouth, Nova Scotia, whereby the Company will participate in the development and commercialization of the Helical Software Platform for Very Large Data Base (VLDB) management. The Helical Software Platform capabilities allow for the acquisition, visualization, fusion, management and archiving of near limitless quantities of data in real time at the desktop level. The software platform is based on Helical's proprietary implementation of HHCode technology, known as Self Defining Structure (SDS).

The Company subscribed for 1,250,000 units of EnerVision securities at a subscription price of CDN \$150,000 or CDN \$0.12 per unit. Each unit consists of one common share of EnerVision and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share upon exercise and payment of CDN \$0.18 per common share, within two years of the date of the warrant.

Helical and the Company will jointly develop a software application for the processing, visualization and archiving of seismic data built on the Helical Software Platform.

Under the terms of the subscription agreement, Helical developed a Proof of Concept for the application. The Company will receive a 15% interest in the venture, as a condition of the above private placement and can earn additional interest through providing additional financing up to a maximum of CDN \$350,000, for a potential 50% interest in the venture. Helical will provide technology to the venture and hold the balance of the interest in the venture. Any subsequent venture funding required beyond the CDN \$350,000 above, will be the pro-rata responsibility of venture partners.

As of May 14, 2004, the Company and EnerVision are negotiating a Shareholders Agreement for the further development, commercialization and financing of the technology. The Company has not provided any additional capital as of May 14, 2004.

Logical Sequence Incorporated

In October 2003, we entered into an agreement to acquire fifty-one percent of the equity ownership of Logical Sequence Incorporated, a privately held Canadian corporation. The acquisition is anticipated to closing during the current quarter upon completion of all of the conditions of closing.

A wholly owned Canadian subsidiary corporation, Shannon Investments Ltd., was created which will issue 5,100,000 shares of common stock to the shareholders of Logical Sequence Incorporated at closing. These shares are convertible into our common stock at the election of the holder at any time over the next five years on a share for share basis. We will have an obligation to provide Logical Sequence Incorporated, up to \$760,000 U.S. for software development over the period ending October 31, 2004. We also will have an option to acquire the remaining forty-nine percent of the Logical Sequence Incorporated, common stock for \$2.00 US per share on or before October 20, 2005.

Logical Sequence Incorporated, is the developer of comprehensive and integrated software applications for automobile dealerships. Logical Sequence had an exclusive distribution agreement with Electronic Data Systems Inc., (EDS) to market, distribute and support its web-based Dealer Management software. In April 2004, Logical Sequence Incorporated terminated its agreement with Electronic Data Systems Inc., in response to Electronic Data Systems Inc.'s announced sale of its Automotive Retail Group to Automated Data Processing Inc.

Logical Sequence is presently in a testing phase for its new product line and is scheduled to implement two pilot sites during the current quarter. Logical Sequence intends to pursue third party marketing agreements as well as developing its own marketing as an alternative to EDS.

NINE MONTHS ENDED MARCH 31, 2004 COMPARED TO NINE MONTHS ENDED MARCH 31, 2003

RESULTS OF OPERATIONS

During the nine months ended March 31, 2004, the Company had a net loss of \$402,238 compared to net gain of \$20,200 for the nine months ended March 31, 2003. Administrative costs increased \$67,856 from \$4,391 for the nine months ended March 31, 2003 to \$72,247 for the nine months ended March 31, 2004 primarily due to travel and investor awareness related expenses.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2004, the Company had current assets of \$376,856 which included \$22,326 in cash, and \$350,773 in marketable securities which decreased \$64,081 or 15% due to fluctuation in market prices. Our investments in unevaluated oil and gas properties is \$865,083 which is an increase from the \$575,485 at June 30, 2003 reflecting payment of the Company's obligations to finance the exploration program on the Working Interest and the Additional Interest. The Company has also record \$200,642 in deferred acquisition cost reflecting cash loaned to Logical Sequence Incorporated in anticipation of closing the acquisition.

The Company anticipates meeting its immediate capital needs to finance the exploration program on the Working Interest and the Additional Interest. We anticipate having an obligation to provide Logical Sequence Incorporated, up to \$760,000 U.S. for software development over the period ending October 31, 2004. Pursuant to the Enervision-Helical subscription agreement, we will receive a 15% interest in the venture, as a condition of the above described private placement. We can earn additional interest through providing additional financing up to a maximum of CDN \$350,000, for a potential 50% interest in the venture.

The Company believes that due to its efforts to increase investor awareness of the Company and favorable market reaction to its pending acquisition of Logical Sequence Incorporated, its ability to sell equity securities to raise capital is improved. The Company believes such sales may be both through the exercise of outstanding common stock purchase warrants and through further private placements of its securities.

If the Company is unable to obtain sufficient funds, the Company may seek to increase funds available to the Company through the sale of some portion of its Working Interests. The Company may sell a portion of the Working Interests or other assets and the proceeds derived from such a sale will be subject to the economic climate at the time.

FORWARD-LOOKING STATEMENTS

From time to time, the Company may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward looking statements. In order to comply with the terms of the safe harbor, the Company notes that a variety of factors could cause a deviation or divergence from the anticipated results or expectations contained in the forward looking statements and the Company's actual results. The risks and uncertainties that may affect the operations, performance, development and results of the Company's business include but are not limited to the following: lack of operating capital, revenue and capital resources; reliance upon joint venture members to provide technical and financial expertise to operations; the ability of the Company to access an economically viable energy deposit; the ability of the Company to recover natural resources, if found, and to deliver them to a refiner or distributor in an economically viable manner.

Item 3. Controls and procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c). The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching the Company's desired disclosure control objectives. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company's certifying officer has concluded that the Company's disclosure controls and procedures are effective in reaching that level of assurance.

As of the end of the period being reported upon, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

PART II
OTHER INFORMATION

- Item 1. Legal Proceedings. None.
- Item 2. Changes in Securities. None
- Item 3. Defaults Upon Senior Securities. None.
- Item 4. Submission of Matters to a Vote of Security Holders. None.
- Item 5. Other Information.

Acquisition of a Business: Logical Sequence Incorporated

In October 2003, the Company entered into an agreement to acquire fifty-one percent of the equity ownership of Logical Sequence Incorporated, a privately held Canadian corporation. The acquisition is anticipated to closing during the current quarter upon completion of all conditions of closing. A wholly owned Canadian subsidiary corporation, Shannon Investments Ltd., was created which will issue 5,100,000 shares of common stock to the shareholders of Logical Sequence Incorporated. These shares are convertible into common stock of the Company at the election of the holder at any time over the next five years on a share for share basis. The Company will have an obligation to provide Logical Sequence Incorporated, up \$760,000 U.S. for software development over the period ending October 31, 2004 and also will have an option to acquire the remaining forty-nine percent of the Logical Sequence Incorporated, common stock for \$2.00 US per share on or before October 20, 2005.

Logical Sequence Incorporated, is the developer of comprehensive and integrated software applications for automobile dealerships.

- Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

REGULATION

S-B EXHIBIT
NUMBER

- 3.1 Articles of Incorporation(1)
- 3.2 Bylaws(1)

- 4.1 1999 Stock Option Plan (2)
- 10.1 Working Interest Acquisition Agreement(1)
- 10.2 Purchase and Joint Venture Agreement(1)
- 10.3 Oil and Natural Gas Permit No. 96-06 (1)
- 10.4 Amendment to Working Interest Acquisition Agreement (1)
- 10.7 Acquisition of Additional Interests Agreement (3)
- 10.8 Oil and Natural Gas
Permits No. 96-04, -05, -07, -08, -09, -10. (3)
- 10.9 Joint Operating Agreements dated October 22, 2001
and October 23, 2001. (3)
- 10.10 Participation Agreement (4)
- 10.11 Logical Sequence Inc. Distribution Agreement (5)
- 10.12 Share Purchase Agreement (5)
- 10.13 Share Purchase Support Agreement (5)
- 10.14 Voting Trust Agreement (5)
- 10.15 Addendum Agreement (6)
- 31.1 Sarbanes Oxley Section 302 Certification
- 31.2 Sarbanes Oxley Section 302 Certification
- 32.1 Sarbanes Oxley Section 906 Certification
- 32.2 Sarbanes Oxley Section 906 Certification

- (1) Incorporated by reference to the exhibits to the Company's registration statement in Form 10-SB(file number 000-30254)
- (2) Incorporated by reference to the exhibits to the Company's annual report on Form 10-KSB for the fiscal year ended June 30, 2000(file number 000-30254).
- (3) Incorporated by reference to the exhibits to the Company's annual report on Form 10-KSB for the fiscal year ended June 30, 2002(file number 000-30254).
- (4) Incorporated by reference to the exhibits to the Company's quarterly report on Form 10-QSB for the six month period ended December 31, 2002. (file number 000-30254).
- (5) Incorporated by reference to the exhibits to the Company's quarterly report on Form 10-QSB for the three month period ended September 30, 2003. (file number 000-30254).
- (6) Incorporated by reference to the exhibits to the Company's amended quarterly report on Form 10-QSB for the three month period ended September 30, 2003 filed on December 2, 2003. (file number 000-30254).

(b) The following reports on Form 8-K were filed during the last quarter of the period covered by this report: None

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereto, duly authorized.

SHANNON INTERNATIONAL RESOURCES, INC.

DATE: May 14, 2004

By: /s/ BLAIR COADY

Blair Coady, President, Director
and Principal Financial Officer

CERTIFICATION

I, Blair Coady, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Shannon International Resources Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial

reporting, to the small business issuers auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 17, 2004

/s/ Blair Coady

Blair Coady
President and Chief Executive Officer

CERTIFICATION

I, Blair Coady, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Shannon International Resources Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the small business issuer's internal

control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuers auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 17, 2004

/s/ Blair Coady

Blair Coady
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Certification of Chief Executive Officer

In connection with the Quarterly Report of Shannon International Resources Inc. (the "Company") on Form 10-QSB for the nine months ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Blair Coady, Chief Executive Officer certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 17, 2004

/s/ Blair Coady

Blair Coady
Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Certification of Chief Financial Officer

In connection with the Quarterly Report of Shannon International Resources Inc., (the "Company") on Form 10-QSB for the nine month period ended March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Blair Coady, Chief Financial Officer certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 17, 2004

/s/ Blair Coady

Blair Coady,
Chief Financial Officer