BIRD RIVER RESOURCES INC.

(formerly Bird River Mines Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE INTERIM PERIOD ENDING JANUARY 31, 2012

This Management Discussion and Analysis ("MD&A") reviews the financial condition and results of operations of Bird River Resources Inc. ("BDR" or the "Company") for the unaudited interim period ending January 31, 2012. The MD&A was prepared as of March 26, 2012 and should be read in conjunction with the related unaudited interim condensed financial statements, including the notes thereto, and the audited annual financial statements for the years ended July 31, 2011 and 2010, including the notes thereto, and the MD&A's for these prior periods.

BDR's financial statements will be filed on the SEDAR website (www.sedar.com) where additional disclosure relating to the company is also located.

The financial statements up to and including July 31, 2011 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The interim management-prepared financial report for the second quarter ended January 31, 2012 was prepared in accordance with the newly instituted International Financial Reporting Standards ("IFRS") for publicly accountable profit-oriented enterprises. The changeover to IFRS for financial statements for fiscal years commencing on or after January 1st, 2011 represents a change due to the implementation of these new accounting standards. In 2010, the Corporation started an IFRS conversion plan to address the impact of the changes in accounting policies, restatement of comparative periods, internal controls, and any required changes to business processes. As discussed in this Management Discussion and Analysis, these new accounting standards have affected the Corporation's reported financial position and results of operations.

Overview

Bird River Resources Inc. (formerly Bird River Mines Inc.) is a Manitoba-based resource exploration company that is listed on the Canadian National Stock Exchange (CNSX) and trades under the symbol **BDR**. The Company was posted for trading on March 16, 2006. On January 31, 2011, Bird River Mines Inc. announced in a news release that further to a special resolution passed by the Company's shareholders, the Company's name has been changed from Bird River Mines Inc. to Bird River Resources Inc. thereby more appropriately reflecting the diverse resource activities of the Company. The common shares of the Company commenced trading on the CNSX under its new name of Bird River Resources Inc. on February 4, 2011. There was no change in the Company's trading symbol BDR.

The Company previously held an exploration property, known as the Ore Fault Property, which was located in the Bird River Sill area of Manitoba. On October 29, 2007, the Company entered into an Option and Joint Venture Agreement with Marathon PGM Corporation (MAR-TSX) ("Marathon"). On August 19, 2008, BRM announced that its joint venture partner Marathon PGM Corporation had acquired 100% ownership of the Ore Fault Property for a final payment of $1,450,000. BRM retains a 1% net smelter interest in the Ore Fault Property.

Bird River Resources Inc. is actively pursuing opportunities in oil and gas business in south western Manitoba. In March 2009 the Company entered into an agreement with Antler River Resources of Melita, Manitoba to participate in oil well drilling projects in south western Manitoba. Over the following three years BDR has participated in the drilling of a nine wells with Antler River Resources. All of the wells are in production and the Company holds a 5% gross interest (4% net) in the wells. The wells are all located in southwest Manitoba near the towns of Sinclair, Pierson and Waskada.

Additionally, BDR has invested in six lease holdings with a 25% interest in five quarter section oil leases and a 100% interest in the sixth quarter section located near the producing Regent Field. The description of the six lease holdings are as follows:

(1) Northwest quarter 23-1-28 25% owned with a three-year lease term.
(2) Southwest quarter 23-1-28, 25% owned with a three year lease term;
(3) Northeast quarter 23-1-28, 25% owned with a three year lease term;
(4) Northeast quarter 17-1-27 25% owned with a three year lease term;
(5) Northeast quarter 30-1-27 25% owned with a three year lease term;
(6) Northeast quarter 14-4-22 100% owned with a five year lease term;

The wells drilled to date have been into the Lodgepole, the Bakken and the Spearfish formations and is light sweet crude. This major oil reservoir is part of the Williston Basin which is found in Saskatchewan, south-western Manitoba, North Dakota and Montana.

During 2010 and 2011 BDR and its partners acquired five oil leases in south west Manitoba of which BDR holds 25% interest. In February 2011 BDR acquired a 100% interest in oil and gas lease located approximately 11 KM north east of Pierson, Manitoba the lease covers 160 acre (94 hectare) parcel located at NE ¼ of 14-22WPM. The lease was acquired by auction from the Government of Manitoba and is for a term of five years.

The Company also holds a Quarry Lease, located 85 km southwest of Winnipeg near Miami, Manitoba. The 8 hectare lease hosts a narrow bed of bentonite. BDR also engages in secondary activities, from time to time, involving the purchase or acquisition of certain industrial minerals – typically diatomaceous earth and bentonite – for distribution and re-sale or for use in an abandoned water well sealing operation.

On June 12, 2009, Bird River Mines Inc**.** announced the declaration of Special Dividend of Three Cents ($0.03) per common share. The Special Dividend is payable to the common shareholders of Bird River Mines Inc. of record on June 30, 2009 with the payment date of the Special Dividend being July 10, 2009. This Special Dividend is being made as a result of the sale of the Company's Ore Fault Property to Marathon PGM Corporation. The Company retains a 1.0 % net smelter return royalty (the "NSR") in all minerals and metals extracted from the Ore Fault Property. This Special Dividend is not a recurring dividend and the Company does not expect to declare any other dividends in the foreseeable future. As at July 31, 2011 $19,353.88 of dividends remained unclaimed.

On June 18, 2010, the Board of Director awarded 900,000 incentive stock options to officers and directors of the Company. The stock options are exercisable into common shares at $0.10 per share for a term expiring June 10, 2015.

On November 30, 2010 Bird River Mines Inc's Annual and Special Meeting of Shareholders was held at the Canad Inn, 2100 McPhillips Street, Winnipeg, Manitoba. At the meeting the shareholders approved a special resolution to file articles of amendment in order to effect the change of the name of the Corporation from Bird River Mines Inc. to Bird River Resources Inc.

On January 14, 2011 Bird River Mines Inc. closed a non-brokered private placement to accredited investors in the amount of $74,975 by the issuance of 999,667 common shares at $0.075 per share.

On March 24, 2011 Bird River Resources Inc. reported the test production results for the its fifth horizontal oil well, located at 11-26-1-28W near the town Pierson in south western Manitoba. The operator of the well is Atikwa Resources (ATK–TSX-V) and the initial production over the first ten days for the well averaged 150 barrels per day. BDR has a 5% gross and 4% net participation in the well.

On August 17, 2011 Bird River Resources Inc. reported that, after a long wet spring in south west Manitoba, the oil wells that had been shut down due to inclement weather and massive water problems are now back on pump. The weather and water issues delayed the drilling program for BDR and its joint venture partners for nearly five months. The first well of the planned six well drilling program is now expected to start in mid September. This horizontal well will be located on the north half of 15-8-28W1 and will be completed with a one mile leg. The operator for the well is Antler River Resources and Bird River Resources will have a 5% participation. The second well will be also horizontal and is expected to be drilled on the north east quarter of 30-1-27W1.

On September 29, 2011 Bird River Resources Inc. reported that it is participating in the drilling of a new horizontal oil well located at 12-15-8-28W1 east of Sinclair, Manitoba. This is the first well of a planned six well drilling program. The operator of the well and joint venture partner is Antler River Resources Ltd. Based on the geological data the horizontal well will have approximately a one mile leg and will be cased all the way. Drilling has already started and is expected to be completed by mid October. Bird River Resources will have a five percent gross participation in the well.

On October 13, 2011: Bird River Resources Inc. reports that the drilling portion of the new well northeast of Sinclair, Manitoba at 12-15-8-28W1 has been completed. The well was drilled into the Bakken formation at 926 meters and has a horizontal leg of 1300 meters. The well has been cased for the entire length of the leg and is awaiting fracing. There will be 27 fracing ports approximately 50 meters apart. The operator of this well is Antler River Resources and Bird River has a 5% interest. Meanwhile, a drill rig has been moved to 13-23-1-28W east of Pierson, Manitoba. This is a horizontal well with a 600 meter leg drilled into the Spearfish formation. With drilling at 20 to 25 meters an hour the drilling portion is near completion. The operator of this well is Atikwa Resources with a 50% interest. Antler River and Bird River have 25% interest each.

On January 4, 2012: Bird River Resources (BDR-CNSX) reports that the new Antler River horizontal well at 12-15-8-28 northeast of Sinclair, Manitoba is now on pump. The well was drilled into the Bakken formation at 926 meters and has a horizontal leg of 1300 meters and is now pumping 30 cubes of fluid with a 35% oil cut. This works out to about 65 barrels of oil a day. (a cube is about 6.28 us barrels). BDR has a 5% interest.
Meanwhile the recently completed well at 15-30-1-27 east of Pierson, Manitoba drilled into the Spearfish formation is pumping 200 barrels of fluid a day with an initial 20% oil cut which is expected to increase.
The other well at 13-23-1-28 is expected to be put on pump within the next couple of days. The operator of these two wells is Atikwa Resources (ATK-TSX) with a 50% interest. Antler River Resources and Bird River Resources have a 25% interest each. This brings to a close our oil well drilling participation for 2011.

On February 15, 2012: Bird River Resources Inc. (BDR-CNSX) announced today that the board of directors accepted the resignation of Dr. Mel de Quadros as a director of the Company. The members of the board thanked Dr. de Quadros for his many years of valued contributions to the Company. Dr. Quadros, however, will continue to assist BDR in the future as a resource consultant. The Board has approved the appointment of Greg Barrows, BSc., to the board of directors of Bird River Resources. Mr. Barrows is a graduate of Brandon University and has extensive experience in various business areas including finance, real estate and the oil and gas industry, particularly in southwest Manitoba where BDR is active. Mr. Barrows is President of Shamrock Resources Ltd. and President of Lodgepole Investments Ltd., private companies engaged in the oil and gas business.

On February 16, 2012: Bird River Resources Inc. (BDR-CNSX) reports an update of the last five oil wells drilled and their current production.

(1) Well 12-15-8-28HZ drilled into the Bakken Formation with a 1300 meter leg. Production has levelled out at 80 barrels of oil per day.
(2) Well 6-26-1-28HZ drilled into the Spearfish Formation with a 600 meter leg is producing 40 barrels of oil per day.
(3) Well 15-30-1-27HZ drilled into the Spearfish Formation with a 600 meter leg was recently put on pump and is producing 100 barrels per day of fluid of which 50 barrels is oil.
(4) Well 7-34-1-28HZ drilled into the Spearfish Formation with a 600 meter leg is producing 130 barrels of oil per day.
(5) Well 13-23-1-28HZ drilled into the Spearfish Formation with a 1300 meter leg has just been put on pump and is producing 240 barrels of fluid of which 15 barrels is oil. The oil cut should increase dramatically as the fracing fluid is pumped out.

These five wells completed BDR's oil well drilling participation for 2011 and plans are now being prepared for our 2012 drilling program.

Results of Operations

The net loss for the 2012 fiscal year second quarter (3-months) ended January 31, 2012 was ($12,563) as compared to a net loss of($30,489) for the 3-months ended January 31, 2011. Revenue for the 3-months period ended January 31, 2012 was $10,350 compared to $7,617 in the same period of the prior year. In the current period the gross profit was $612 compared to $5,189 in 2011. Expenses for the period were $39,443 (2011 $38,113) an increase of $1,330 over the same period last year. The increase in expenses in the quarter is largely attributable to the increase in professional fees, Director's fee, stock transfer and filing fees.

BDR has an agreement with Antler River Resources Ltd. to joint venture in oil and gas drilling programs in south west Manitoba for a participation of five percent interest on average. Through this joint venture BDR has participated in nine oil wells as of January 31 2012. Expenditures are limited to costs of surface access, building location, drilling, completing, equipping and operating or abandoning the oil wells which are deferred in the accounts of the company. The cash flows of the joint operations are limited to the expenditures as outlined above and are equal to the amounts of these expenditures**.** As at January 31, 2011 the company has invested $405,034 in the oil and natural gas properties of which $318,546 was spent on drilling and $86,488 on lease holdings. During the three month period ended January 31, 2012 the Company received $21,107 of income from the nine oil wells**.**

The net loss and comprehensive loss for the 12-months ended July 31, 2011 was $102,808 as compared to a net loss and comprehensive loss of $84,788 for the 12-months ended July 31, 2010. The increase of $18,020 in the net loss for the period is primarily attributable to the decrease in revenue of $15,201 during the period. Revenue for the 12 months period ended July 31, 2011 was $29,916 compared to $45,117 in same period of the prior year. In the current period the gross profit was $10,458 an increase from the 2010 gross profit of $6,726. Expenses for the period were $156,722 (2010 - $135,970) an increase of $20,752 over the same period last year. This increase in expenses for the 2011 fiscal year is largely attributable to the increase in director's fees of $5,000 and the increase in stock based compensation $16.045.

The net loss for the 12-months ended July 31, 2010 was $84,788 as compared to a net income of $836,489 for the 12-months ended July 31, 2009. The decrease of $921,277 in the net income for the period is primarily attributable to the sale in the 1st quarter of the 2009 fiscal year of the Ore Fault Property to Marathon in the amount of $1,450,000 which resulted in a net gain on sale of mineral properties of $1,406,165. This was a non recurring event. The net income of $836,489 takes into account current and future income tax expense of $441,000 and prior to the payment of the special dividend of $283,817. Revenue for the 12 months period ended July 31, 2010 was $45,117 compared to $27,607 in same period of the prior year. In the current period the gross profit was $6,726 a decrease from the 2009 gross profit of $6,994. Expenses for the period were $135,970 (2009 $145,762) a decrease of $9,792 over the same period last year. This decrease in expenses is largely attributable to the decline in professional fees of $5,987 and a decrease in stock-based compensation of $12,505.

The net income for the 12-months ended July 31, 2009 was $836,489 as compared to a net income of $70,263 for the 12-months ended July 31, 2008. The increase of $766,226 in the net income for the period is primarily attributable to the sale of the Ore Fault Property to Marathon in the amount of $1,450,000 which resulted in a net gain on sale of mineral properties of $1,406,165. The net income of $836,489 takes into account current and future income tax expense of $441,000 and prior to the payment of the special dividend of $283,817. Revenue for the 12 months period ended July 31, 2009 was $27,607 compared to $35,788 in same period of the prior year. In the current period the gross profit was $6,994 a decrease from the 2008 gross profit of $8,525. Expenses for the period were $145,762 (2008 $152,262) a decrease of $6,500 over the same period last year. This decrease in expenses is largely attributable to the decline in professional fees of $37,047 which were incurred in the previous year due to the Marathon Joint Venture Agreement and this decline was offset by the increase of management fees of $14,800 and an increase in stock based compensation of $14,174 incurred in the period. During the 2009 fiscal year the company took a write-off of mineral properties (Lakeshore Property) in the amount of $6,165.

Currently, BRM's mineral property portfolio consists of a quarry license providing the right to exploit calcium bentonite beds located near Miami, Manitoba, 85 kilometres southwest of Winnipeg. The Company engages in secondary activities, from time to time, involving the purchase or acquisition of certain industrial minerals, typically diatomaceous earth and bentonite, for distribution and re-sale. Additionally the company also operates a service business which provides the sealing and closing of abandoned water wells for the Manitoba Government. The Company's revenue and gross margin are attributable to these secondary activities.

In March 2009, the Company entered into a Joint Venture Agreement with Antler River Resources of Pierson Manitoba to participate in a 4% net (5% gross) interest in the drilling of a three oil well drilling program near the towns of Sinclair and Pierson in south western Manitoba. The first well drilled was a vertical well near Sinclair and the second well drilled was a horizontal well near Pierson. The Company's cost to participate in two well programs was an initial payment of $35,000. In the 4th quarter of 2009 an additional payment of $12,671 was made to cover well completion costs. All three wells are now producing. During October 2010 BDR participated in the drilling of a fourth well 13-15-8-28 with Antler River Resources. This well is located north east of Sinclair Manitoba and now in production. In February, 2011 BDR participated in the drilling of a fifth horizontal oil well at 11-26-1-28W with its joint venture partners Antler River Resources and Atikwa Resources. The well was successful and is now in production.

The management and board of directors are continually reviewing the Company's business strategy while monitoring the current market and economic conditions. Additionally management continues to assess new potential resource property acquisitions as they are presented. As a result of lower number of abandoned water well sealing projects during fiscal year 2011 the Company's well sealing services operation experienced a significant decline compared to previous years. The decline in the well sealing business was largely due to the frequent occurrence of inclement weather. The Province of Manitoba had persistent wet weather during the fall of 2010 and also in the spring months of 2011. The well sealing service ensures the protection of various pollutants from moving into the aquifer. Also, larger diameter water wells are a serious safety hazard to children and animals before being sealed. The Company's absorbent distribution business continues to show consistent sales during the year. During 2011 the sale of absorbents contributed to the majority of the Company's revenue of $29,916. Sales for the previous two years were 2010- $45,117 and 2009-$27,607 respectively.

The Company's 2011 Annual General and Special Shareholders Meeting was held on November 30, 2011 in Winnipeg, Manitoba. The Shareholders approved the following:

- The number of directors for the ensuing year was set at five.
- Messrs Nelson Shodine, Jon Bridgman, Edward Thompson, Mel de Quadros and Shane Shodine were elected as Directors.
- Magnus Chartered Accountants LLP, were appointed auditors of the Company and the directors were authorized to fix their remuneration.
- Shareholders approved and ratify the Company's Stock Option Plan for the ensuing year.

Liquidity and Capital Resources

At January 31, 2012, the Company had working capital of $449,027 a decrease of $90,249 over the previous 3 months period ended October 31, 2011. This decrease was largely due to the acquisition of new oil leases, the investment in five new oil drilling project and the payment of director's fees. The Company incurs ongoing general operating expenses on a monthly basis relating to the management of a public reporting issuer, such as office rent, telephone, internet services, stock transfer & filing fees, stock exchange fees and professional fees. The working capital position is largely a result of the sale of the Company's Ore Fault Property to Marathon PGM for $1,450,000 in 2008. This positive cash position enables the Company to carry on its activities as a listed company in good standing. The Company is a junior exploration and development company with minimal revenues from operations. BDR is actively pursuing opportunities in the oil and natural gas industry in southwestern Manitoba and presently holds from 25% to 100% interests in six oil and gas leases (properties) which are to be drilled in the future. Additionally, BDR also holds 5% gross (4% net interest) in nine producing oil wells in south west Manitoba as of January 31, 2012. During the six months of the 2012 Fiscal Year the Company had total revenue of $24,778 from the Company's investment in nine oil wells.

BDR will continue to acquire leases with strong potential for oil and gas production. The Company continues to review business opportunities from, time to time, that have synergy with the Company's existing operations and that may provide BDR with stable ongoing cash flow.

The Company's ability to raise additional funds and its future performance is largely tied to the financial markets as it relates to resource exploration companies. Financial markets have improved over the past 12 months; however, there continues to be ongoing concern about the global economy and the capital markets. The demand by China and India for raw materials has been a major stabilizing factor to the global commodity markets. Additionally, historic low interest rates have also contributed to the improved stability in the credit markets. The revenue and profitability of domestic and international oil companies has steadily improved during this period due to the continued demand for crude oil throughout the world, particularly in Asia. Notwithstanding the foregoing the Company's strategy will be to continue to make expenditures and investments in oil and gas properties in the most prudent manner.

Share Capitalization

The Company is authorized to issue an unlimited number of Common voting Shares of which 10,570,225 were outstanding as at January 31, 2012. The Company's incentive stock option plan has granted 900,000 stock options to officers and directors. The stock options are exercisable into common shares at $0.10 per share for a term expiring June 10, 2015.

On November 21, 2011 an officer and director of the Company exercised 100,000 stock options at ten cents per share for a total consideration of $10,000. Thereby increasing the total number of common shares issued from 10,470,225 to 10,570,225 shares outstanding.

On a fully diluted basis there would be 11,370,225 common shares issued and outstanding. There are no warrants presently outstanding.

Selected Annual Information

The following selected financial information is derived from the financial statements of the Company and should be read in conjunction with such statements, including the notes thereto:

Statement of Operations and Deficit Data

Audited for the Year ending July 31	**2011**	**2010**	**2009**
	($)	($)	($)
Revenue	29,916	45,117	27,607
Gross margin	10,458	6,726	6,994
Administrative expenses	156,772	135,970	145,762
Interest income	10,656	8,656	16,257
Write-off of mineral properties	-	-	(6,165)
Loss on settlement of advance payable		(1,000)	
Gain on sale of mineral properties	-	-	1,406,165
(Loss) before income taxes	(135,608)	(121,588)	1,277,489
Current income tax (expense) recovery	32,800	36,800	(227,000)
Future income tax (expense) recovery	-	-	(214,000)
Net (loss) income and comprehensive (loss) income for the year	(102,808)	(84,788)	836,489
Basic and diluted comprehensive (loss) income per share	(0.01)	($0.01)	$0.09

Balance Sheet Data

Audited for the Year ending July 31	**2010**	**2010**	**2009**
	($)	($)	($)
Current Assets	654,526	850,839	1,167,784
Petroleum and natural gas properties	263,159	67,671	47,671
Machinery and equipment	6,881	9,000	11,820
Mineral exploration properties	273	273	273
Total Assets	924,839	927,783	1,227,548
Current liabilities	47,277	40,923	263,595
Total liabilities	47,277	40,923	263.595
Shareholders’ equity	877,562	886,860	963,953
Cash Dividends	-	-	283,817

Quarterly Information

The following is a summary of selected financial information of the Company for the quarterly periods indicated:

2012 Unaudited	**1st Quarter** ($)	**2nd Quarter** ($)	**3rd Quarter** ($)	**4th Quarter** ($)
Revenue	17,126	10,350		
Gross Profit	6,797	612		
Administrative expenses	36,292	39,443		
Mineral properties written off	-	-		
Interest income	5,437	22,453		
Gain on sale of mineral property	-	-		
Income taxes recovery (expense)	-	-		
Income (loss) for the quarter	(24,058)	(12,563)		
Income (loss) per common share (basic & fully diluted)	(0.01)	(0.01)		

2011 Unaudited	**1st Quarter** ($)	**2nd Quarter** ($)	**3rd Quarter** ($)	**4th Quarter** ($)
Revenue	5,801	7,617	7,614	8,884
Gross Profit	3,006	5,189	583	1,680
Administrative expenses	31,128	38,113	30,358	57,123
Interest income	1,799	2,435	2,139	4,283
Income (loss) for the quarter	(26,323)	(30,489)	(27,636)	(18,360)
Income (loss) per common share (basic & fully diluted)	(0.01)	(0.01)	(0.01)	(0.01)

2010 Unaudited				
Revenue	11,902	8,843	10,805	13,567
Gross Margin	5,371	1,978	254	(877)
Administrative expenses	34,806	23,307	31,360	46,776
Interest income	749	307	722	6,877
(Loss) on settlement of advances payable	(1,000)	-	-	-
Income taxes recovery (expense)	-	-	-	36,800
Income (loss) for the quarter	(29,686)	(20,742)	(30,384)	(3,976)
Income (loss) per common share (basic & fully diluted)	(0.00)	(0.01)	(0.01)	(0.01)

Financial Trend

Over the past six quarterly periods the administrative expenses have varied within a range reflecting the Company's costs associated with oil and gas investments, new business development, the well sealing service and related costs in maintaining the Company's listing as a reporting issuer in good standing. Additional information is provided in the Results of Operations section.

Transactions with Related Parties

The following is a summary of the related party transactions of the Company during the 2012 Fiscal Year second quarter ended January 31, 2012. Balances due to related parties, if any, are unsecured, non-interest bearing and have no fixed terms of repayment. Amounts paid to related parties are recorded at the exchange amount which is the amount agreed upon by both parties. During the interim period, the Company paid management fees of $7,500 (2011 - $7,500) to a director and officer of the Company and $4,100 (2011 - $3,900) to another director and officer. The Company also paid rent in the amount of $2,400 ($2,400) to a director and officer during the quarter.

As at January 31, 2012 included in the accounts payable are amounts due to directors and officer of the company in the amount of $3,900 (2011 - $3,800). These amounts are non-interest bearing with no specified terms of repayment.

International Financial Reporting Standards (IFRS) Conversion Plan

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended October 31, 2011.

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required	Done
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Done
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Done
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Done
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Done
Management and employee education and training	Ongoing
Quantification of the Financial Statement impact of changes in accounting policies	Done

STATEMENT of COMPLIANCE with the INTERNATIONAL FINANCIAL REPORTING STANDARDS

The condensed management-prepared interim financial report for the second quarter ended January 31, 2012 are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the company's second financial statements prepared in accordance with IFRS and IFRS 1 *First time Adoption of International Reporting Standards* has been applied. Previously, the company prepared its annual and interim financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

The condensed management-prepared interim financial report for the second quarter ended January 31, 2012 should be read in conjunction with the company's 2011 annual audited financial statements. A detailed explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the company is provided in Note 14. *Explanation of transition to IFRS* in the *Notes to Condensed Interim Financial Statements*.

The condensed interim financial report of Bird River Resources Inc. for the three months ended January 31 2012 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 30, 2012. Any subsequent changes to IFRS that are given effect in the company's annual financial statements for the year ended July 31, 2012 could result in restatement of these unaudited condensed interim financial statements, including the transition adjustments recognized on changeover to IFRS.

FUTURE CHANGES in ACCOUNTING POLICIES as per recent accounting announcements

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of the standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective. The company does not expect the impact of such changes on the financial statements to be material.

IFRS 9 ***Financial Instruments: Classification and measurement***

IFRS 9, as issued, reflects the first phase of the International Accounting Standards Board's ("IASB's") work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1^{st}, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and de-recognition. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the company's financial assets.

IFRS 10 ***Consolidated Financial Statements***

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaces SIC-12 Consolidation - *Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. The standard is effective for annual periods beginning on or after January 1^{st}, 2013.

IFRS 11 ***Joint Arrangements***

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The standard is effective for annual periods beginning on or after January 1^{st}, 2013.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. This standard is effective for annual period beginning on or after January 1st, 2013.

IFRS 13 *Fair Value Measurements*

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosure about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurement, except in specified circumstances. The standard is effective for annual periods beginning on or after January 1st, 2013.

IAS 1 *Presentation of Financial Statements* (Amended)

The amendments retain the option to present profit or loss and other comprehensive income either in one continuous statement or in two separate but consecutive statements. Items of other comprehensive income are required to be grouped into those that will and will not be subsequently classified to profit or loss. Tax on items of other comprehensive income is required to be allocated on the same basis. The measurement and recognition of items of profit or loss and other comprehensive income are not affected by the amendments. The amendment is effective for annual periods beginning on or after July 1st, 2012.

IAS 19 *Employee Benefits* (Amended)

The amendments require the recognition of changes in the defined benefit obligation and in plan assets when those changes occur, eliminating the corridor approach and accelerating the recognition of past service costs. The amendment is effective for annual periods beginning on or after January 1st, 2013.

IAS 27 *Separate Financial Statements* (Amended)

IAS 27 was re-issued by the IASB on May 12th, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements as the consolidation guidance will now be included in IFRS 10. The amendment is effective for annual periods beginning on or after January 1st, 2013.

IAS 28 *Investment in Associates and Joint Ventures* (Amended)

IAS 28 was re-issued by the IASB on May 12th, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 28 continues to prescribe the accounting for investments in associates, but is now the only source of guidance describing the application of the equity method. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The amendment is effective for annual periods beginning on or after January 1st, 2013.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value on its resource properties as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company's recorded value of its resource properties is based on historical costs that it expects to be recovered in the future. The Company operates in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership, funding, and currency risk, as well as environmental risk. All of these factors are potentially subject to significant change, out of the Company's control, however such changes are not determinable. Failure to conduct additional work on its exploration properties may result in their loss. Accordingly, there is always the potential for a material adjustment to the value assigned to mineral properties.

The factors affecting stock-based compensation include the use of a Black-Scholes option pricing model which has its limitations and the use of estimates when stock options might be exercised and stock price volatility. While these factors could have a material impact on stock-based compensation expense and hence the results of operations, stock-based compensation is a non-cash item and there would be no impact on the Company's financial condition.

Risks and Uncertainties

Oil and gas exploration and mineral exploration are speculative ventures. There is no certainty that expenditure on exploration and development will result in the discovery of an economic hydrocarbon reserve. At the present time, the Company holds interests in small number of producing oil wells. The Company's viability and potential success lie in its ability to develop, exploit and generate revenue out of its resource properties. Revenues, profitability and cash flow from any future resource operations involving the Company will be influenced by oil, gas and /or metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

BDR is very dependent upon the personal efforts and commitment of its existing management who are not full-time employees of the Company. To the extent that management's services would be unavailable for any reason, the Company's operations could be disrupted. The Company is also reliant upon the services of outside consultants.

Financial Instruments and Risk Management

In the normal course of operations the company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The company does not meaningfully participate in the use of financial instruments to control these risks. The company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

> In regard to currency risk, the company does not hold any assets or liabilities demanded in a foreign currency.
>
> In regard to interest rate risk the company is not exposed to any meaningful interest rate risk due to the short term nature of its interest generating assets.
>
> In regard to other price risk the company is exposed to price risk with respect to commodity prices. As the company is not a producing entity, this risk does not currently affect earnings; however, the risk could

affect the completion of future equity transactions. The company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.

In regard to credit risk the company is exposed to credit risk on cash, trade receivables and other receivables. Cash is held with a reputable Canadian bank and the company's other receivables are from Canadian government entities, from which management believes the risk of loss to be remote. The company does not have any derivatives or similar instruments that mitigate the maximum exposure to credit risk.

The carrying amount of financial assets recorded in the financial statements in the amount of $466,143 represents the maximum exposure to credit risk at the reporting date.

In regard to liquidity risk management monitors the company's liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand. It is management's opinion that it is unlikely that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at January 31, 2012 the company has working capital in the amount of $449,027.

The company has cash and cash equivalents subject to interest rate risk of approximately $423,374. In regard to sensitivity analysis, a 1% change in the primary interest rate would affect the reported net income, on an annualized basis, by $4,234.

Capital Management

The company considers its capital structure to consist of share capital, stock options and warrants. When managing capital, the company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the company's management to sustain future development of the business. As at January 31, 2012 the company had managed capital (being total shareholder's equity) of $860,416 (January 31, 2011 - $912,188).

The properties in which the company currently has an interest are in the exploration stage. As such the company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the company will spend its existing working capital and raise additional amounts as needed. The company will continue to assess new properties and seek to acquire an interest in additional properties it if feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

There were no changes in the company's approach to capital management during the six months ended January 31, 2012. The company is not subject to externally imposed capital requirements.

Disclosure and Internal Financial Controls

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and that (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward Looking Statements

This MD&A includes certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", ‘‘intend’’, "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to joint venture operations, actual results of current exploration activities, changes in project parameters as plans continue to be refined, unavailability of financing, fluctuations in precious and/or base metals prices and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

(signed) “Jon Bridgman”
Jon Bridgman
C.F.O.
Bird River Mines Inc.
March 30, 2012