Bird River Resources Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JULY 31, 2021 & 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with Bird River Resources Inc.'s ("Bird River" or the "Corporation") annual audited financial statements (the "audited financial statements") as at and for the years ended July 31, 2021 and 2020 and the notes thereto.

The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are referenced in Canadian dollars.

The commentary is as of **November 26, 2021**. The reader should be aware that historical results are not necessarily indicative of future performance.

The MD&A contains forward-looking information and statements. Refer to the end of this MD&A for the Corporation's advisory on forward-looking information and statements.

Bird River Resources Inc. is a publicly listed entity incorporated under the laws of Manitoba on March 7, 1958. The address of the Corporation's corporate and registered office is: 5204 Roblin Blvd, Winnipeg, MB R3R 0H1. The Corporation's shares are listed on the Canadian Securities Exchange and are traded under the stock symbol "BDR".

Effective October 2, 2020, the Corporation disposed of its wholly-owned subsidiary, High Point Oil Inc. ("High Point"), through a share purchase agreement. The Corporation's vision is to pivot out of oil and gas operations.

Effective January 20, 2021, the Corporation disposed of its wholly-owned subsidiary, 2411181 Manitoba Ltd., under a share sale and assignment agreement (the "Assignment"). As a result of the dispositions, the Corporation no longer had any subsidiaries and became a shell company.

As at July 31, 2021, the Corporation's principal business activity is to identify, evaluate and acquire any interest in a business or assets.

During 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on Bird River and its wholly-owned subsidiary, High Point through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and oil prices have experienced significant volatility and weakness. This has had a significant impact on the Corporation and has directly led to the disposal of High Point.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

High Point Oil Inc.

Bird River and High Point held working interests in the Alberta petroleum and natural gas ("PNG") asset and liabilities in Alberta (referred collectively to as "Alberta PNG assets"). During 2020, the directors decided to dispose of all of its interest in the Alberta PNG assets. Therefore, when the decision was made to dispose of High Point, the sale was to be made in such a way that all of the Alberta PNG assets in Bird River and High Point were to be disposed of.

Effective October 2, 2020, the Corporation disposed of 100% of its interest in High Point, through a share purchase agreement (the "Share Purchase"), as well as all of the Alberta PNG assets held by Bird River.

Under the terms of the Share Purchase, the cash consideration of $90,000 was received for the following assets and liabilities acquired by the purchaser:

- 100% of the Corporation's shareholdings in High Point;
- High Point's accounts payable and debts owed to the Corporation;
- Bird River's interest in three wells operated by High Point; and
- The Acquirer also assumed all liabilities in High Point.

As of July 31, 2020, management determined that this transaction meets the definition of Assets Held for Sale and Discontinued Operations, accordingly, the transaction has been presented as such.

The major classes of assets and liabilities classified as held for sale as at July 31, 2020 are as follows:

Assets	**July 31, 2020**
Accounts receivable	$ 275,221
Intercompany	2,181,098
Prepaids	8,083
Property and equipment (Note 5)	1,571,444
Assets held-for-sale	4,035,846
Liabilities	
Accounts payable	(819,493)
CEBA loan	(40,000)
Intercompany	(2,181,098)
Asset retirement obligations (Note 6)	(905,255)
Liabilities associated with assets held-for-sale	(3,945,846)
Net assets directly associated with disposal group	$ 90,000

Following the classification of these assets as "assets held-for-sale", a write-down of $8,370,356 was recognized on July 31, 2020 to reduce the carrying amount of the property and equipment in the disposal group to their fair value less costs to sell. This was recognized in discontinued operations in the statements of loss and comprehensive loss. As of July 31, 2020, amount of $90,000 cash consideration was received and included in cash, cash equivalent and deposit received. Such restricted cash was held in escrow and was released upon closing of the sales on October 2, 2020.

2411181 Manitoba Ltd.

Effective January 20, 2021, the Corporation disposed of its wholly-owned subsidiary, 2411181 Manitoba Ltd. ("2411181"), under a share sale and assignment agreement (the "Assignment") with an arms length party (the "Acquirer").

2411181 was a subsidiary holding company of the Corporation, which held a minority interest in ten oil wells of which three were non-active and subsequently were shut-in during 2020 leaving seven wells still in production.

Under the terms of the Assignment, the Acquirer received:

- 100% of the Company's shareholdings in 2411181;
- The interest in the nine wells operated by an independent operator; and
- The Acquirer is responsible for all existing liabilities resulting from well service expenses.

Cash consideration paid to the Corporation by the Acquirer was $4,000.

OUTLOOK

On February 23, 2021, the Corporation closed a non-brokered private placement financing of common shares in the capital of the Corporation (the "Common Shares") for aggregate gross proceeds of $700,000 at a price of $0.10 per Common Share (the "Offering"). The Corporation intends to use the proceeds from the Offering for working capital and business development purposes.

SELECTED ANNUAL INFORMATION ($)

	Year Ended July 31, 2021	Year Ended July 31, 2020	Year Ended July 31, 2019
Petroleum and gas sales revenue	-	12,716	36,255
Net loss from continuing operations	(459,265)	(212,309)	(397,222)
per share (basic and fully diluted)	(0.04)	(0.02)	(0.04)
Net income (loss) from discontinued operations	157,149	(8,532,595)	(295,361)
per share (basic and fully diluted)	0.01	(0.88)	(0.03)
Non-current liabilities:	-	14,670	596,925
Total assets	590,018	4,159,755	10,107,069

NET LOSS

The Corporation's results for the years ended July 31, 2021 and 2020 are as follows:

	Year Ended July 31,	
(dollars)	**2021**	**2020**
Net loss from continuing operations	(459,265)	(212,309)
Net income (loss) from discontinued operations	157,149	(8,532,595)
Net loss and comprehensive loss for the year	(302,116)	(8,744,904)

Highlights for the year ended July 31, 2021:

As at July 31, 2021, the Corporation does not have oil and gas operations and its vision is to pivot out of the oil and gas sector.

On February 23, 2021, the Corporation closed a non-brokered private placement financing of common shares in the capital of the Corporation (the "Common Shares") for aggregate gross proceeds of $700,000 at a price of $0.10 per Common Share (the "Offering").

In connection with the Offering, eligible finders received an aggregate of $63,000 in cash and 630,000 broker warrants (each a "Broker Warrant"). Each Broker Warrant entitles the holder thereof to acquire a Common Share at a price of $0.10 per Broker Warrant for a period of 24 months from the date of closing.

The Corporation intends to use the proceeds from the Offering for working capital and business development purposes. The securities issued pursuant to the Offering are subject to the statutory four month and one day hold period.

On March 3, 2021, the Corporation approved a grant of 1,250,000 incentive stock options (the "Options") to officers and directors of the Corporation, pursuant to the terms of the stock option plan. The Options are exercisable for a period of three years, at an exercise price of $0.235 per Option. The Options are subject to a four-month hold period with 50% vested immediately, 25% vested on the 6-month anniversary and the remaining 25% vested on the 18-month anniversary.

On May 27, 2021, the Corporation and Faraday Energy Inc. ("FEI"), a corporation existing under the laws of the Province of Quebec, announced that they have entered into a non-binding letter of intent dated May 26, 2021 (the "Letter of Intent"). The Letter of Intent outlines the proposed terms and conditions pursuant to which the Corporation and FEI will effect a business combination that will result in a reverse takeover of the Corporation by the shareholders of FEI.

PROPERTY AND EQUIPMENT

The Corporation does not have property and equipment.

DECOMMISSIONING LIABILITIES

The Corporation's decommissioning liabilities result from its ownership interest in petroleum and natural gas assets including well sites and gathering systems. As at July 31, 2021, the Corporation disposed of its oil and gas assets and its decommissioning liabilities are $Nil (July 31, 2020 - $14,670).

SHARE CAPITAL

Authorized: Authorized share capital consists of an unlimited number of common voting shares.

Issued

Common shares	Number of shares	Stated value
Balance, July 31, 2020 and 2019	9,666,861	$ 10,273,404
Issuance of common shares for cash	7,000,000	612,485
Share issue costs	-	(79,287)
Balance, July 31, 2021	16,666,861	$ 10,806,602

On November 17, 2020, the Corporation consolidated all of the Corporation's issued and outstanding common shares on the basis of twelve (12) to one (1). All shares and per share amounts have been restated to reflect the share consolidation retrospectively.

On February 23, 2021, the Corporation closed a non-brokered private placement financing of common shares in the capital of the Corporation (the "Common Shares") for aggregate gross proceeds of $700,000 at a price of $0.10 per Common Share (the "Offering").

In connection with the completion of private placement as described above, eligible finders received an aggregate of $63,000 in cash and 630,000 broker warrants. These broker warrants are exercisable at a price of $0.10 per common share until February 23, 2023.

The Corporation intends to use the proceeds from the Offering for working capital and business development purposes. The securities issued pursuant to the Offering are subject to the statutory four month and one day hold period.

Total number of shares issued and outstanding as at July 31, 2021 is 16,666,861 (2020 – 9,666,861).

Effective November 17, 2020, the Corporation consolidated all of the Corporation's issued and outstanding common shares on the basis of twelve (12) to one (1) (the "Consolidation"). Prior to the Consolidation, the Corporation had 116,002,334 pre-consolidation common shares issued and outstanding.

As of July 31, 2021, 148,750 shares owned by the former CEO of the Company were held in escrow. The shares were fully released on September 30, 2021.

Options

On March 3, 2021, the Corporation approved a grant of 1,250,000 incentive stock options (the "Options") to officers and directors of the Corporation, pursuant to the terms of the stock option plan. The Options are exercisable for a period of three years, at an exercise price of $0.235 per Option. The Options are subject to a four-month hold period with 50% vested immediately, 25% vested on the 6-month anniversary and the remaining 25% vested on the 18-month anniversary.

SUPPLEMENT TO THE FINANCIAL STATEMENTS

The outstanding common shares, warrants, and stock options are summarized below (also see note 7 to the audited financial statements):

	November 26, 2021	July 31, 2021	July 31, 2020
Common shares	16,666,757	16,666,861	9,666,861
Warrants	630,000	630,000	-
Stock options	1,250,000	1,250,000	-

CONTINGENCIES

Effective October 2, 2020, the Corporation disposed 100% interest in High Point, through a share purchase agreement (the "Share Purchase"), as well as all of the Alberta PNG assets held by Bird River. Pursuant to the transaction, the purchaser and High Point agreed to indemnify and save Bird River harmless against any and all losses, damages, claims, costs of High Point including the contingencies described below:

During the year ended July 31, 2019, High Point was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named High Point as the defendant. The Statement of Claim sought full payment to the invoice issued by the former drilling contractor for a total of $296,157. High Point's accounts payable and accrued liabilities as at July 31, 2019 has included payable balance of $296,157. During the current year, High Point entered into a settlement agreement with the former drilling contractor whereby both parties agreed to resolve the dispute regarding the payment of the invoice. The settlement agreement provides High Point's payment of the invoice for a total of $296,157 and legal costs for a total of $42,452. No other provision has been recorded in the financial statements. As at July 31, 2020, High Point recorded $296,157 and $42,452 in accounts payable and accrued liabilities of which $232,174 remains outstanding.

During December 2019, High Point received a legal letter from its industry partner respecting the Letter Agreement dated September 20, 2019 and the default by the industry partner regarding default on funds payable to High Point. On March 30, 2020, High Point was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named High Point as the defendant. The Statement of Claim sought an interest and related revenue in certain High Point's assets. No final settlement was done on the disposition date.

During December 2019, the former CEO and CFO of High Point, have expressed formal grievances concerning their former employment. On January 7, 2020. High Point received legal letters from the former CEO and CFO. No final settlement was done on the disposition date.

On February 7, 2020, High Point was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named High Point as the defendant. The Statement of Claim sought a transfer of certain High Point's assets and payment of all revenues from the Assets to a private corporation controlled by various former High Point's management (the "plaintiff"). During March 2020, High Point's legal counsel filed in the Court of Queen's Bench of Alberta, a Statement of Defence and a Counterclaim against the plaintiff. No final settlement was done on the disposition date.

MATERIAL TRANSACTIONS

On May 27, 2021, the Corporation and Faraday Energy Inc. ("FEI"), a corporation existing under the laws of the Province of Quebec, announced that they have entered into a non-binding letter of intent dated May 26, 2021 (the "Letter of Intent"). The Letter of Intent outlines the proposed terms and conditions pursuant to which the Corporation and FEI will effect a business combination that will result in a reverse takeover of the Corporation by the shareholders of FEI (the "Proposed Transaction").

FEI is a private corporation with two wholly-owned corporations, namely, Hydro-Abitibi Inc. and Renewable Energy Abitibi Inc. which operate two hydro-electric power plants called Centrale Hydro-Électrique La Sarre 1 (1,050 KWh) and Centrale Hydro-Électrique La Sarre 2 (2x 400KWh) (the "Power Plants"). The Power Plants have a combined output of approximately 1,850 KWh. The Power Plants are located on the La Sarre River, approximately 75 km north of Rouyn-Noranda and 700 km north of Toronto.

Pursuant to the Letter of Intent, the Proposed Transaction is expected to result in the Corporation acquiring all of the issued and outstanding shares of FEI for fair market value of FEI, to be determined pursuant to a valuation opinion to be prepared, which will be satisfied as follows (i) the initial $3 million of the value for FEI shall be paid in cash, and (ii) such additional amount of fair market value of FEI in excess of $3 million, will be paid in shares in the capital of the Corporation ("Bird River Shares") at the deemed price of $0.25 per Bird River Share. The Proposed Transaction is subject to certain conditions precedent, including, among other things, the completion of satisfactory mutual due diligence, execution of a definitive legal agreement, the completion of a private placement and receipt of all requisite approvals.

In conjunction with and prior to the closing of the Proposed Transaction, the Corporation intends to complete a private placement of common shares for gross proceeds of $5 million at $0.25 per Bird River Share.

On September 29, 2021, the Corporation announced that further to their joint press releases dated May 27, 2021 and August 10, 2021, the Corporation and FEI have agreed to extend the expiration date of their non-binding letter of intent dated May 26, 2021 and as amended on September 28, 2021 to October 31, 2021. The Letter of Intent outlines the proposed terms and conditions pursuant to which Bird River and FEI will effect a business combination that will result in a reverse takeover of the Corporation by the shareholders of FEI. As of November 26, 2021, the Corporation and FEI are still in negotiation of the Proposed Transaction.

LIQUIDITY AND CAPITAL RESOURCES

Going concern

The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the year ended July 31, 2021, the Corporation recorded net loss of $302,116 (2020 – $8,744,904) and recorded cash used in operating activities of $185,457 (2020 – cash generated from operating activities of $58,483). The Corporation had a working capital surplus of $491,214 as at July 31, 2021 (2020 – working capital deficit of $132,968). The continued operations of the Corporation are dependent on its ability to generate future positive operating cash flows and obtain additional financing. Management is of the opinion that sufficient working capital can be obtained from external financing to settle the Corporation's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Corporation. The Corporation expects to repay its financial liabilities through future equity and debt financings.

The Corporation raised funds and is seeking a new opportunity. There are currently no opportunities at this time and no assurances can be made at this time regarding same.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

The audited financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

RELATED PARTY TRANSACTIONS

In addition to related party balances and transactions separately presented or disclosed, the audited financial statements include the following transactions with related parties in the normal course of operations:

Key management personnel compensation

Key management personnel include the directors and executive officers of the Corporation.

During the year ended July 31, 2021, the Corporation incurred consulting fees to its executive officers in the amount of $97,650 (July 31, 2020 - salaries, consulting fees, and director fees of $160,775) which is included general and administrative expenses.

	July 31, 2021	July 31, 2020
Consulting fees to CEO	$ 15,000	$ 30,000
Consulting fees to former COO	10,000	41,375
Salaries to former CFO	3,000	13,000
Consulting fees to former CFO	5,000	4,400
Consulting fees to CFO	50,000	-
Management fees to a director	1,650	18,000
Consulting fees to a former director	13,000	52,000
Director fees	-	2,000
	$ 97,650	**$ 160,775**

As at July 31, 2021, included in trade payables and accrued liabilities are amounts owing to directors and officers of the Corporation in the amount of $1,729 (July 31, 2020 - $33,645).

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Corporation is exposed to credit risk, liquidity risk, foreign currency risk and commodity price risk as a part of normal operations. A detailed description of the Corporation's financial instruments, risk management, and capital management is included in Note 9 to the audited financial statements.

CHANGES TO ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

Changes to accounting policies

IAS 1 *Presentation of Financial Statements*

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The Corporation applied IAS 1 prospectively and these amendments did not have a material impact on its financial statements.

New Accounting Standards issued but not yet effective

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2)

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2) In August 2020, the IASB issued Interest Rate Benchmark Reform (Phase 2), which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases. The Phase 2 amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. These amendments complement those issued in 2019 and focus on issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. The Company has concluded that no significant impact will result from the application of the Phase 2 amendments.

<u>IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment)</u>

In May 2020, the International Accounting Standards Board (IASB) issued amendments to update IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Accounting Standards Board (AcSB) completed its endorsement process and incorporated the amendments into Part I of the CPA Canada Handbook – Accounting in September 2020.

The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The Corporation does not expect these amendments to have material impact on its financial statements.

CRITICAL ACCOUNTING ESTIMATES

The following discussion sets forth management’s significant judgments, estimates and assumptions made in the preparation of these financial statements:

Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Corporation’s accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) Identification of cash-generating units

Property and equipment is aggregated into cash-generating-units (“CGUs”) based on the ability to generate largely independent cash flows and are used for impairment testing. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures and the way in which management monitors the Corporation’s operations.

(ii) Impairment of petroleum and natural gas assets

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of petroleum and natural gas reserves, production rates, future oil and natural gas prices, future costs, discount rates and other relevant assumptions.

(iii) Joint operations

The Corporation is party to various joint interest, operating and other agreements in conjunction with its petroleum and natural gas activities. The revenues and expenses allocated between partners are governed by the terms of these agreements and are subject to interpretation and audit by the appropriate parties.

(iv) Deferred taxes

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit and loss in the period in which the change occurs.

Key sources of estimation uncertainty:

The following are the key estimates and their assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

(i) Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts. During this review, historical experience, age of accounts receivable and the credit worthiness of the account are considered.

(ii) Reserves

The assessment of reported recoverable quantities of proved and probable reserves include estimates regarding production volumes, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It also requires interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Corporation's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning liabilities, and the recognition of deferred tax assets due to changes in expected future cash flows. The Corporation's petroleum and natural gas reserves were determined pursuant to National Instrument 51 -101, *"Standard of Disclosures for Oil and Gas Activities",* at least annually by independent reserve engineers, for the year ended July 31, 2019 and 2018.

(iii) Decommissioning liabilities

The calculation of decommissioning liabilities and related accretion expense includes management's estimates of current risk-free interest rates, future inflation rates, future restoration and reclamation expenditures and the timing of those expenditures. In most instances, removal of assets occurs many years in the future.

(iv) Share-based payments

The amounts recorded for share-based compensation expense relating to the fair value of share options issued are estimated using the Black-Scholes option pricing model including management's estimates of the future volatility of the Corporation's share value, expected forfeiture rates, expected lives of the share options (based on historical experience and general holder behaviour) and the risk-free interest rate (based on government bonds).

(v) Taxes

The amounts recorded for deferred tax asset are based on management's estimate as to the timing of the reversal of temporary differences and tax rates currently substantively enacted and the likelihood of tax assets being realized. The availability of tax pools and other deductions are subject to audit and interpretation by taxation authorities.

Risk Factors

In the normal course of business, the Corporation is exposed to a variety of actual and potential events, uncertainties, trends and risks. In addition to the risks associated with the use of assumptions in the critical accounting estimates, financial instruments, the Corporation's commitments and actual and expected operating events, the Corporation has identified the following events, uncertainties, trends and risks that could have a material adverse impact on the Corporation.

- The ability of the Corporation to continue as a going concern;
- The ability of the Corporation to maintain its cash resources;
- The ability of the Corporation to meet all of its obligations;
- The risks related to the various legal claims against the Corporation or its subsidiaries;
- Changing governmental policies, social instability and other political, economic or diplomatic developments in the countries in which the Corporation operates;
- Changes in taxation policies, taxation laws and interpretations thereof;
- Commodity price and foreign exchange rate risk; and
- Changes in environmental regulations and legislations.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements in place as at the date of this MD&A.

BASIS OF BARREL OF OIL EQUIVALENT

For the purposes of calculating unit costs, natural gas has been converted to a barrel of oil equivalent (boe) using 6,000 cubic feet ("6 mcf") equal to one barrel (6:1), unless otherwise stated. The boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method and does not represent a value equivalency; therefore, boe may be misleading if used in isolation. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

FORWARD LOOKING INFORMATION STATEMENTS

Certain statements in this MD&A constitute forward-looking information, including forward-looking information relating to the Corporation defending certain claims. Such forward-looking information is based on a number of risks, uncertainties and assumptions, which may cause actual results or other expectations to differ materially from those anticipated and which may prove to be incorrect. Undue reliance should not be placed on forward-looking information. Such forward-looking information reflects the Corporation's current beliefs and assumptions and is based on information currently available to the Corporation. This forward-looking information is also based on certain key expectations and assumptions, many of which are not within the control of the Corporation. There can be no assurances that the Corporation will be able to successfully complete its strategic plan on a timely basis or that the Corporation will be able to meet the goals and purposes of its business plan (including resolving various disputes in its favour) or fund its cash requirements. In particular, the Corporation has not been successful in its efforts to enhance its liquidity. Further, the Corporation's ability to defend claims may be restricted or limited for various reasons. Absolutely no assurance can be made that the Corporation will be able to meet its funding requirements or its other obligations, and nothing herein should be read as stating or inferring otherwise. The failure to meet or satisfy any of the foregoing is likely to have a material adverse impact on the Corporation and thereby significantly impair the value of security holders' interest in the Corporation. The reader is cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors and such variations may be material. Such risk factors include, but are not limited to those set out above as well as:

risks related to the ability of the Corporation to continue as a going concern, risks related to the Corporation not being able to maintain its cash resources, risks related to the various legal claims against the Corporation or its subsidiaries, as well as the risks associated with the oil and natural gas industry in general, such as commodity price and exchange rate fluctuations, government regulation, environmental risks, competition, changes in tax, royalty and environmental legislation, the impact of general economic conditions, risks associated with meeting all of the Corporation's obligations, and other factors, many of which are beyond the Corporation 's control. Bird River Resources Inc. makes no representation that the actual results achieved during the forecast period will be the same in whole or in part as those forecasts. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date of this MD&A and Bird River Resources Inc. assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.