

 **Bird River Resources Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2022 & 2021**

## 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") unaudited condensed interim financial statements as at and for the three months ended October 31, 2022 and 2021, and the audited financial statements as at and for the year ended July 31, 2022 and 2021. The accompanying financial statements of Bird River have been prepared by management and approved by the Corporation's Board of Directors. The financial data presented herein, including comparative periods, have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Accordingly, certain information and disclosure normally included in audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

The commentary is as of **December 21, 2022**. 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 October 31, 2022, the Corporation's principal business activity is to identify, evaluate and acquire any interest in a business or assets.

## 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 (see also Material Transactions section on page 5).

## SELECTED ANNUAL INFORMATION (\$)

	Year Ended July 31, 2022	Year Ended July 31, 2021	Year Ended July 31, 2020
Petroleum and gas sales revenue	-	-	12,716
Net loss from continuing operations	(242,339)	(459,265)	(212,309)
per share (basic and fully diluted)	(0.01)	(0.04)	(0.02)
Net income (loss) from discontinued operations	-	157,149	(8,532,595)
per share (basic and fully diluted)	-	0.01	(0.88)
Net loss for the year	(242,339)	(302,116)	(8,744,904)
Non-current liabilities:	-	-	14,670
Total assets	392,970	590,018	4,159,755

## NET LOSS

The Corporation's results for the three months ended October 31, 2022 and 2021 are as follows:

<i>(dollars)</i>	<b>Three Months Ended</b>	
	<b>October 31,</b>	
	<b>2022</b>	<b>2021</b>
Net loss for the period	(94,915)	(79,264)

### Highlights for the three months ended October 31, 2022:

As at October 31, 2022, the Corporation does not have oil and gas operations and its vision is to pivot out of the oil and gas sector.

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 affect 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.

On April 13, 2022, the Corporation announced that, further to previous news releases, the Corporation and FEI have agreed to extend the expiration date of their non-binding letter of intent to May 5, 2022.

On November 30, 2022, the Corporation reported that its planned transaction with FEI was progressing very well. FEI is currently awaiting the completion of the audit of its financial statements for the year ended January 31, 2022. Faraday's Founder & CEO Mr. Martin Dallaire has kept the Corporation's management updated on a regular basis about FEI's operations. The power plants are performing well and have recently received their yearly indexed price increase for 2023 from Hydro-Quebec.

Both parties continue to be committed to the transaction and are pursuing completion in the near future.

## SHARE CAPITAL

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

### Issued

<b>Common shares</b>	<b>Number of shares</b>	<b>Stated value</b>
Balance, July 31, 2021	16,666,861	\$ 10,806,602
Balance, July 31, 2022 and October 31, 2022	16,666,861	\$ 10,806,602

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.

Total number of shares issued and outstanding as at October 31, 2022 and 2021 is 16,666,861.

### Share 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.

The Corporation recorded share-based compensation of \$3,183 for the three months ended October 31, 2022 (2021 - \$23,173).

### Warrants

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.

## SUPPLEMENT TO THE FINANCIAL STATEMENTS

The outstanding common shares, warrants, and stock options are summarized below (also see note 4 to the financial statements):

	December 21, 2022	October 31, 2022	July 31, 2022
Common shares	16,666,861	16,666,861	16,666,861
Warrants	630,000	630,000	630,000
Stock options	-	1,250,000	1,250,000

## 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 affect 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.

On April 13, 2022, the Corporation announced that, further to previous news releases, the Corporation and FEI have agreed to extend the expiration date of their non-binding letter of intent to May 5, 2022.

On November 30, 2022, the Corporation reported that its planned transaction with FEI was progressing very well. FEI is currently awaiting the completion of the audit of its financial statements for the year ended January 31, 2022. Faraday’s Founder & CEO, Mr. Martin Dallaire, has kept the Corporation’s management updated on a regular basis about FEI’s operations. The power plants are performing well and have recently received their yearly indexed price increase for 2023 from Hydro-Quebec.

Both parties continue to be committed to the transaction and are pursuing completion in the near future.

Effective November 7, 2022, the Corporation’s Board of Directors passed a resolution to cancel 1,250,000 options to purchase common shares of the Corporation which were previously granted to directors and officers of the Corporation.

## LIQUIDITY AND CAPITAL RESOURCES

### Going concern

These 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 three months ended October 31, 2022, the Corporation recorded net loss of \$94,915 (year ended July 31, 2022 – \$242,339) and recorded cash used in operating activities of \$69,387 (year ended July 31, 2022 – \$200,233). The Corporation had a working capital surplus of \$215,076 as at October 31, 2022 (July 31, 2022 – \$306,808). 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 is seeking an opportunity to acquire an interest in a business. The Corporation’s ability to continue as a going concern may be dependent on the successful completion of this or another similar transaction.

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

These 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 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 three months ended October 31, 2022, the Corporation incurred consulting fees to its executive officers in the amount of \$16,500 (2021 - \$16,500) which is included general and administrative expenses.

	<b>October 31, 2022</b>	<b>October 31, 2021</b>
Consulting fees to CEO	\$ 4,500	\$ 4,500
Consulting fees to CFO	12,000	12,000
	<b>\$ 16,500</b>	<b>\$ 16,500</b>

As at October 31, 2022, included in accounts payable and accrued liabilities are amounts owing to directors and officers of the Corporation in the amount of \$1,500 (2021 - \$1,500).

## **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 6 to the financial statements.

## **CHANGES TO ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS**

### **Changes to accounting policies**

There are currently no changes to accounting policies that impact the Corporation's financial statements.

### **New Accounting Standards issued but not yet effective**

There are currently no new accounting standards issued but not yet effective that impact the Corporation's 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) 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.

#### ***(ii) Going concern***

The 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. Please see Note 1 on page 6 of the financial statements for further details.

### ***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) *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).

(ii) *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.

## **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.