Financial Statements of

BIRD RIVER RESOURCES INC.

Years Ended July 31, 2023 and 2022

(Expressed in Canadian dollars)

To the Shareholders of Bird River Resources Inc.:

Opinion

We have audited the financial statements of Bird River Resources Inc. (the "Corporation"), which comprise the statements of financial position as at July 31, 2023 and July 31, 2022, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2023 and July 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Corporation incurred a net loss and had negative cash flow from operations during the years ended July 31, 2023 and July 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Matthew S. Pilloud.

Winnipeg, Manitoba

MNP LLP

November 22, 2023

Chartered Professional Accountants

BIRD RIVER RESOURCES INC.

Statements of Financial Position
As at July 31,

(Expressed in Canadian dollars)

		2023		2022
Assets				
Current assets:				
Cash and cash equivalents	$	87,669	$	351,746
Government remittances receivable		62,769		41,224
Total current assets		150,438		392,970
Total assets	$	150,438	$	392,970
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	89,002	$	86,162
Total current liabilities		89,002		86,162
Total liabilities		89,002		86,162
Equity				
Share capital (note 4)		10,955,602		10,806,602
Warrants (note 4d)		-		87,515
Contributed surplus		1,406,189		1,153,258
Accumulated deficit		(12,300,355)		(11,740,567)
Total equity		61,436		306,808
Total liabilities and equity	$	150,438	$	392,970

General business description and ability to continue as a going concern (Note 1)
Proposed transaction and subsequent events (Note 8)

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

(signed) "Jon Bridgman", Director

(signed) "Donal Carroll”, Director

BIRD RIVER RESOURCES INC.

Statements of Loss and Comprehensive Loss

For the years ended July 31,
(Expressed in Canadian dollars)

	2023	2022
Expenses:		
General and administrative	$ 394,372	$ 184,406
Share-based compensation (Note 4c)	165,416	57,933
	559,788	242,339
Loss from operations:	(559,788)	(242,339)
Net loss and comprehensive loss for the year	$ (559,788)	$ (242,339)
Basic and diluted loss per share	($0.03)	($0.01)
Weighted average common shares – basic and diluted	17,122,272	16,666,861

See accompanying notes to financial statements.

BIRD RIVER RESOURCES INC.

Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total equity
Balance, August 1, 2021	16,666,861	$ 10,806,602	$ 87,515	$ 1,095,325	$ (11,498,228)	$ 491,214
Share-based compensation (note 4c)	-	-	-	57,933	-	57,933
Net loss for the year	-	-	-	-	(242,339)	(242,339)
Balance, July 31, 2022	16,666,861	$ 10,806,602	$ 87,515	$ 1,153,258	$ (11,740,567)	$ 306,808
Shares issued for cash (note 4b)	1,525,000	152,500	-	-	-	152,500
Share issue costs (note 4b)	-	(3,500)	-	-	-	(3,500)
Share-based compensation (note 4c)	-	-	-	165,416	-	165,416
Warrants expiry (note 4d)	-	-	(87,515)	87,515	-	-
Net loss for the year	-	-	-	-	(559,788)	(559,788)
Balance, July 31, 2023	**18,191,861**	**$ 10,955,602**	**$ -**	**$ 1,406,189**	**$ (12,300,355)**	**$ 61,436**

See accompanying notes to financial statements.

BIRD RIVER RESOURCES INC.

Statements of Cash Flows
Years ended July 31,
(Expressed in Canadian dollars)

	2023	2022
Operating activities:		
Net loss for the year	$ (559,788)	$ (242,339)
Adjustments for:		
Share-based compensation (note 4c)	165,416	57,933
Changes in non-cash working capital		
Government remittances receivable	(21,545)	(7,952)
Prepaid expenses and deposits	-	4,767
Accounts payable and accrued liabilities	2,840	(12,642)
Net cash used in operating activities	(413,077)	(200,233)
Financing activities:		
Shares issued for cash (note 4b)	152,500	-
Share issue costs (note 4b)	(3,500)	-
Net cash from financing activities	149,000	-
Change in cash and cash equivalents	(264,077)	(200,233)
Cash and cash equivalents, beginning of year	351,746	551,979
Cash and cash equivalents, end of year	$ 87,669	$ 351,746

See accompanying notes to financial statements.

1. General business description and ability to continue as a going concern

Bird River Resources Inc. ("Bird River" or the "Corporation") 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., 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. As a result of the dispositions, the Corporation no longer had any subsidiaries and became a shell company.

As at July 31, 2023, the Corporation's principal business activity is to identify, evaluate and acquire any interest in a business or assets.

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 year ended July 31, 2023, the Corporation recorded net loss of $559,788 (2022 – $242,339) and recorded cash used in operating activities of $413,077 (2022 – $200,233). The Corporation had a working capital surplus of $61,436 as at July 31, 2023 (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 (Note 8). 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.

2. Basis of presentation, significant accounting judgments and estimates

(a) Statement of compliance

These financial statements have been prepared by management in accordance IFRS as issued by the International Accounting Standards Board (IASB).

These financial statements were approved and authorized for issue by the Board of Directors on November 22, 2023.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies.

(c) Functional and presentation currency

These financial statements have been presented in Canadian dollars, which is the Corporation's functional currency. The functional currency of the subsidiaries before the dispositions was also Canadian dollars.

(d) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, as at the reporting date and the reported amounts of revenues and expenses during the year. Accordingly, actual results may differ from these estimates. Estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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' accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

(i) Going concern

Management has applied judgements in the assessment of the Corporation's ability to continue as a going concern when preparing its financial statements for the years ended July 31, 2023 and 2022. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

(ii) 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) 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.

3. Significant accounting policies

The significant accounting policies below have been applied consistently to all years presented in these financial statements.

(a) Cash and cash equivalents

All cash and short-term investments with original maturities of three months or less are considered cash and cash equivalents, since they are readily convertible to cash. These short-term investments are stated at cost, which approximates fair value.

(b) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed for indicators of impairment and facts and circumstances that suggest that the carrying amount exceeds the recoverable amount at each reporting date. If indicators of impairment exist, the recoverable amount of the asset is estimated to determine the amount of impairment.

For the purposes of assessing impairment, property and equipment are grouped into cash generating units ("CGUs") defined as the lowest levels for which there are separately identifiable independent cash inflows.

The recoverable amount of a CGU is the greater of its fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction between knowledgeable and willing parties. Fair value less costs of disposal may be determined using discounted future net cash flows of proved and probable reserves using forecast prices and costs and including future development costs. These cash flows are discounted at an appropriate discount rate which would be applied by a market participant. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued used of the cash-generating unit in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses are recognized in profit or loss in the period in which they are determined.

The fair value less costs of disposal values used to determine the recoverable amounts of property and equipment are classified as Level 3 fair value measurements as they are not based on observable market data.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

(c) Provisions and contingent liabilities

Provisions are recognized by the Corporation when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(d) Taxes

Income taxes are comprised of current and deferred taxes. Income tax expense (recovery) is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss. Current taxes are the expected taxes payable on the taxable income for the year plus any adjustment to taxes payable in respect of previous years.

Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences including carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred taxes are not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(e) Loss per share

Loss per share is calculated by dividing loss by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a net loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

(f) Share-based compensation

Share options granted to directors, officers, employees and consultants of the Corporation are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the option at the grant date using the Black-Scholes option pricing model.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation cost is expensed over the vesting period with a corresponding increase in contributed surplus. When share options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

The Corporation measures share-based payments to non-employees at the fair value of the goods or services received at the date of receipt of the goods or services. If the fair value of the goods or services cannot be measured reliably, the value of the options is measured using the Black-Scholes option pricing model.

(g) Financial instruments

The following table summarizes the classification of the Corporation's financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

Financial instrument	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets

The classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets and the contractual terms of the cash flows. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income ("FVOCI"): assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for amortized cost or FVOCI.

- Financial assets are initially measured a fair value and are subsequently measured at amortized cost using the effective interest method, or at FVOCI or at FVTPL.

- Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Financial liabilities

The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the statements of loss and comprehensive loss.

- Financial liabilities measured at FVTPL: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the statement of loss and comprehensive loss.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss and comprehensive loss.

Impairment of financial assets

At each reporting date, the Corporation assesses whether a financial as set or group of financial assets is impaired under the expected credit loss (“ECL”) model. Loss allowances are measured based on (i) ECLs that result from possible default events within the 12 months after the reporting date (“12-month ECL”), or (ii) ECLs that result from all possible default events over the expected life of a financial instrument (“lifetime ECLs”).

The amortized cost of the financial asset is reduced by impairment losses at an amount equal to the lifetime expected credit losses. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the statements of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

(h) Equity instruments

The Corporation’s outstanding common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(i) Changes to accounting policies

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

(j) 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.

(Expressed in Canadian dollars)

4. Share capital

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

(b) Issued

Common shares	Number of shares		Stated value
Balance, July 31, 2022	16,666,861	$	10,806,602
Issuance of common shares for cash	1,525,000		152,500
Share issue costs	-		(3,500)
Balance, July 31, 2023	18,191,861	$	10,955,602

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.

The 630,000 broker warrants expired unexercised on February 23, 2023, with a corresponding entry of $87,515 to contributed surplus.

On April 14, 2023, the Corporation closed a non-brokered private placement of 1,525,000 common shares (the "Private Placement") at $0.10 per common share. Pursuant to the Private Placement, the Corporation raised aggregate gross proceeds of $152,500. The Corporation will use the proceeds of the Private Placement for general working capital purposes and expenses related to the previously announced proposed transaction (see note 8).

In connection with the Private Placement, the Corporation paid cash finder's fees of $3,500 to an eligible finder. All securities issued in connection with the Private Placement are subject to a statutory hold period of 4 months and a day from their issuance in accordance with applicable securities laws, and no insiders of the Corporation subscribed for shares under the Private Placement.

Total number of shares issued and outstanding as at July 31, 2023 is 18,191,861 (2022 - 16,666,861).

(c) Options

The Corporation has implemented a share option plan to allow the Corporation to grant options to directors, officers, employees and service providers. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the Corporation. The maximum number of common shares which may be set aside for issue under the plan is 10% of the issued and outstanding common shares of the Corporation and would fluctuate to such number that would be 10% of the issued and outstanding common shares at any particular time at a price determined by the Board, provided that the Board has the right, from time to time, to increase such number subject to the approval of the shareholders of the Corporation. The maximum number of common shares which may be reserved for issuance to any one eligible participant is 5% of the common shares outstanding at the time of grant (calculated on a non-diluted basis) less the number of shares reserved for issuance to such person under any option to purchase common shares granted as a compensation or incentive mechanism.

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.

(Expressed in Canadian dollars)

On March 6, 2023, the Corporation approved a grant of 1,650,000 incentive stock options (the "Options") to officers and directors of the Corporation, pursuant to the terms of the stock option plan, which vested immediately. The Options are exercisable for a period of five years, at an exercise price of $0.10 per Option.

The Corporation calculated the fair value of options granted in 2023 using the Black-Scholes option pricing model using the following weighted average assumptions:

	2023
Share price	$0.10
Risk-free interest rate	0.33%
Expected volatility	214%
Dividend yield	0%
Weighted average exercise price	$0.10
Expected life of each option granted	5 years
Estimated forfeiture rate	0%
Weighted average fair value per option	$0.10

The fair value of the 1,650,000 fully vested options granted on March 6, 2023 was $162,233 with a corresponding credit to contributed surplus.

The following is a summary of changes to the Corporation's share option plan:

	July 31, 2023		**July 31, 2022**	
	Number	**Weighted Average Exercise Price**	**Number**	**Weighted Average Exercise Price**
Outstanding, beginning of year	1,250,000	$0.235	1,250,000	$0.235
Cancelled	(1,250,000)	($0.235)	-	-
Granted	1,650,000	$0.10	-	-
Outstanding, end of year	1,650,000	$0.10	1,250,000	$0.235
Exercisable, end of year	1,650,000	$0.10	937,500	$0.235

The Corporation recorded share-based compensation of $165,416 during the year ended July 31, 2023 (2022 - $57,933).

(d) Warrants

In connection with the completion of private placement in February 2021, 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 630,000 broker warrants expired unexercised on February 23, 2023, with a corresponding entry of $87,515 to contributed surplus.

(Expressed in Canadian dollars)

The following is a summary of changes to the Corporation's outstanding warrants:

July 31, 2023	Number	Weighted Average Exercise Price	Contractual Life In Years
Outstanding, beginning of year	630,000	$0.10	0.6
Warrant expiry	(630,000)	$0.10	-
Outstanding, end of year	-	-	-

July 31, 2022	Number	Weighted Average Exercise Price	Contractual Life In Years
Outstanding, beginning and end of year	630,000	$0.10	0.6
Exercisable, end of year	630,000	$0.10	0.6

5. Related party transactions

In addition to related party balances and transactions separately presented or disclosed, these 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, 2023, the Corporation incurred consulting fees to its executive officers in the amount of $66,000 (2022 - $66,000) which is included general and administrative expenses.

	July 31, 2023	July 31, 2022
Consulting fees to CEO	$ 18,000	$ 18,000
Consulting fees to CFO	48,000	48,000
Share-based compensation to executive officers (note 4c)	165,416	57,933
	$ 231,416	**$ 123,933**

As at July 31, 2023, included in accounts payable and accrued liabilities are amounts owing to directors and officers of the Corporation in the amount of $nil (2022 - $2,503).

6. Financial instruments, risk management and capital management

The Corporation's financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities. The estimated fair values of cash and cash equivalents, and accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. The Corporation employs risk management strategies and polices to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's financial instruments that subject to credit risk relate to cash in Canadian chartered banks. The Corporation does not use any derivatives or similar instruments to mitigate its exposure to credit risk.

At July 31, 2023, the Corporation's' cash is held at one financial institution, which is a Canadian Chartered Bank, as well as trust accounts. Management believes that the risk of loss is minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow, as well as through future equity and debt financings. The Corporation's accounts payable and accrued liabilities as at July 31, 2023 and 2022 are due within 30 to 60 days.

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Corporation's profit or loss or the value of financial instruments. These risks are largely outside the control of the Corporation. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Market risks are as follows:

Interest rate risk

The Corporation is not exposed to any meaningful interest rate risk due to the short-term nature of its interest generating assets.

(d) Capital management

The Corporation considers its capital structure to consist of share capital, share options and warrants. When managing capital, the Corporation's objective is to ensure the Corporation continues as a going concern as well as to maintain optimal returns to shareholders and benefits for its other stakeholders. The Corporation monitors its working capital and expected capital spending and issues share capital to manage its development plans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the Corporation's operations. As at July 31, 2023, the Corporation had managed capital, being total equity on the statement of financial position of $61,436 (2022 – $306,808).

(Expressed in Canadian dollars)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. There were no changes in the Corporation's approach to capital management during the current or prior year. The Corporation is not subject to externally imposed capital requirements.

7. Income Taxes

(a) The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the years ended July 31, 2023 and 2022:

	2023	**2022**
	$	**$**
Net loss before tax	(559,788)	(242,339)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(151,143)	(65,432)
Non-deductible items	44,662	15,674
Change in deferred tax assets not recognized	106,481	49,758
Income tax expense (recovery)	-	-
Deferred tax expense (recovery)	-	-
Total income tax expense (recovery)	-	-

The deferred taxes assets and liabilities reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values.

(b) The unrecognized deductible temporary differences as at July 31, 2023 and 2022 are comprised of the following:

	2023	**2022**
	$	**$**
Non-capital losses carryforwards	3,972,391	3,543,959
Net capital losses	3,775,515	3,775,515
Financing Costs	69,521	100,081
Total unrecognized deductible temporary differences	7,817,427	7,419,555

(Expressed in Canadian dollars)

7. Income taxes *(Continued from previous page)*

(**c**) The Corporation has non capital loss carryforwards of approximately $3,972,391 (2022: $3,543,959) which may be carried forward to apply against future years' income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry year	Amount
2034	52,641
2035	73,724
2036	123,397
2037	84,413
2038	703,830
2039	-
2040	323,144
2041	1,885,602
2042	297,208
2043	428,432
Total	3,972,391

8. Proposed transaction and subsequent events

On February 28, 2023, the Corporation announced that it has entered into a new non-binding letter of intent dated February 27, 2023 (the “Letter of Intent”) with Gestion Faraday Energie Inc. (“Faraday”), which includes the following key components:

(i) the reverse take-over of Bird River by the shareholders of Faraday (the “Proposed Transaction”);

(ii) a change of name of Bird River to “Faraday Renewable Power Corp.”, or such other name as may be determined by Faraday (the “Name Change”);

(iii) the consolidation of Bird River’s common shares on a 2-for-1 basis (the “Consolidation”);

(iv) the continuance of Bird River from the Corporations Act (Manitoba) to the Canada Business Corporations Act (the “Continuance”);

(v) a private placement of subscription receipts of Bird River to raise a minimum of $3,500,000 and a maximum of $5,000,000 prior to the closing of the Proposed Transaction (the “Private Placement”); and

(vi) an unsecured loan from Bird River to Faraday in the principal amount of $250,000 (the “Loan”).