

 **Bird River Resources Inc.****MANAGEMENT'S DISCUSSION AND ANALYSIS****FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2024 & 2023**

## 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 and nine months ended April 30, 2024 and 2023, and the audited financial statements as at and for the year ended July 31, 2023 and 2022. 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 June 26, 2024. 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 April 30, 2024, the Corporation's principal business activity is to identify, evaluate and acquire any interest in a business or assets.

## OUTLOOK

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 Highlights on page 3).

## SELECTED ANNUAL INFORMATION (\$)

	Year Ended July 31, 2023	Year Ended July 31, 2022	Year Ended July 31, 2021
Petroleum and gas sales revenue	-	-	-
Net loss from continuing operations	(559,788)	(242,339)	(459,265)
per share (basic and fully diluted)	(0.03)	(0.01)	(0.04)
Net income (loss) from discontinued operations	-	-	157,149
per share (basic and fully diluted)	-	-	0.01
Net loss for the year	(559,788)	(242,339)	(302,116)
Non-current liabilities:	-	-	-
Total assets	150,438	392,970	590,018

## NET LOSS

The Corporation's results for the nine months ended April 30, 2024 and 2023 are as follows:

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
Net loss for the period	(\$23,681)	(\$231,756)	(\$95,944)	(\$361,743)

### Highlights for the nine months ended April 30, 2024:

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").

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

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)
<b>Balance, July 31, 2023 and April 30, 2024</b>	<b>18,191,861</b>	<b>\$ 10,955,602</b>

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.

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 April 30, 2024 is 18,191,861 (July 31, 2023 – 18,191,861).

### Share Options

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.

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:

	<b>2023</b>
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:

	<b>April 30, 2024</b>		<b>July 31, 2023</b>	
	<b>Number</b>	<b>Weighted Average Exercise Price</b>	<b>Number</b>	<b>Weighted Average Exercise Price</b>
Outstanding, beginning of period	1,650,000	\$0.235	1,250,000	\$0.235
Cancelled	-	-	(1,250,000)	(\$0.235)
Granted	-	-	1,650,000	\$0.10
Outstanding, end of period	1,650,000	\$0.10	1,650,000	\$0.10
Exercisable, end of period	1,650,000	\$0.10	1,650,000	\$0.10

The Corporation recorded share-based compensation of \$nil during the nine months ended April 30, 2024 (2023 - \$165,416).

## SUPPLEMENT TO THE FINANCIAL STATEMENTS

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

	June 26, 2024	April 30, 2024	July 31, 2023
Common shares	18,191,861	18,191,861	18,191,861
Stock options	1,650,000	1,650,000	1,650,000

## 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 nine months ended April 30, 2024, the Corporation recorded net loss of \$95,944 (2023 – \$361,743) and recorded net cash used in operating activities of \$36,409 (2023 – 186,121). The Corporation had a working capital surplus of \$34,508 as at April 30, 2024 (July 31, 2023 – \$61,436). 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 nine months ended April 30, 2024, the Corporation incurred consulting fees to its executive officers in the amount of \$49,500 (2023 - \$49,500) which is included general and administrative expenses.

	April 30, 2024	April 30, 2023
Consulting fees to CEO	\$ 9,000	\$ 9,000
Consulting fees to CFO	24,000	24,000
Share-based compensation to executive officers	-	3,183
	<b>\$ 33,000</b>	<b>\$ 36,183</b>

As at April 30, 2024, included in accounts payable and accrued liabilities are amounts owing to directors and officers of the Corporation in the amount of \$3,000 (2023- \$1,500).

## **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 policies 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 April 30, 2024, the Corporations' 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 April 30, 2024 and 2023 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 April 30, 2024, the Corporation had managed capital, being total equity on the statement of financial position of \$34,508 (July 31, 2023 – \$61,436).

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.

## **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*

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 three and nine months ended April 30, 2024 and 2023. 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.

**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 favor) 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.