

OVERLORD FINANCIAL INC.

FOR THE PERIOD ENDED MARCH 31, 2005

MANAGEMENT DISCUSSION & ANALYSIS FORM 51-102F1

This management's discussion and analysis ("MD&A") should be read in conjunction with the first quarter unaudited consolidated financial statements for the three month period ended March 31, 2005 and the audited annual consolidated financial statements for the year ended December 31, 2004 and the notes thereto of Overlord Financial Inc. ("Overlord" or the "Company").

The information provided herein is effective as of May 28, 2005 and is, at least in part, based upon assumptions regarding future events and results, which may vary.

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the MD&A. Forward-looking statements are based on the estimates and opinions of Overlord's management at the time the statements were made. Overlord assumes no obligation to update forward-looking statements should circumstances or management's estimates change.

Overview

Overlord is a public company incorporated under the *Business Corporations Act* (Alberta). During the fourth quarter of fiscal 2001, the Company changed from an oil and gas exploration company to a management and investment company.

The Company's current business plan focuses on managing energy-related investment funds and assets. To that end, Overlord has created wholly-owned subsidiary corporations which have defined platforms and objectives of their own, all as part of Overlord's business plan. Overlord's management, employees and consultants are working within these subsidiaries to develop their respective businesses.

Investments

During the first quarter of 2005, the Company acquired 250,000 shares of Sword Energy Ltd at \$1.00 per share for cash consideration of \$250,000. Further, the Company's wholly-owned subsidiary Juno Canada Holdings Ltd., reinvested \$25,000 of income received from Wisevest into additional Wisevest units.

Business Interests

Overlord has established four wholly-owned subsidiaries to conduct its various lines of business, which include Catapult Energy 2004 Inc. ("Catapult"), Juno Canada Holdings Ltd. ("Juno"), PortfolioCo Inc. ("PortfolioCo") and Sword Management Inc. ("Sword Management").

Catapult, an Alberta company, is the general partner of the Catapult Energy Limited Partnership I (the "Partnership") and is responsible for managing the investments in private and public junior resource issuers for the Partnership. During the first quarter of 2005, Catapult Energy 2004 Inc., a wholly-owned subsidiary of the Company, filed a preliminary prospectus pursuant to an initial public offering by the Catapult Energy Limited Partnership I, through agents, of a minimum of 1,500,000 Units and a maximum of 2,500,000 Units at \$10 per Unit ("the Offering"). The agents' fees will be 6.75% of the gross proceeds. The agents will also be paid a due diligence and administration fee of \$15,000 and all reasonable expenses incurred in connection with the Offering. There will also be an over-allotment option of up to 20% of the aggregate number of Units sold under the Offering, exercisable for 60 days after the closing of the Offering. The Partnership filed its final prospectus on April 28, 2005 for its initial public offering and has applied to list its units on the TSX. Upon completion of the offering, the proceeds will be invested and fees will be payable to the general partner for its management and administration of the Partnerships assets.

Juno, an Alberta company, sells debentures and invests the proceeds in the Wisevest Income Fund ("Wisevest"). Wisevest was established by deed of trust on January 1, 2004, the initial trustee being Marcel Tremblay and the sole holder of Wisevest units being Juno. Wisevest's investment objective is to maximize distributions primarily through investment in securities of Canadian royalty and income trusts. Currently, Juno has issued debentures totaling \$250,000 and has in turn placed the funds with Wisevest. Juno continues to

actively seek subscriptions for its debentures in European and other offshore markets. PortfolioCo., an Alberta company and wholly-owned subsidiary of Overlord, is the manager of Wisevest and earns fees for its management and administration services.

Sword Management, an Alberta company, identifies potential oil and natural gas exploration and development opportunities in both the private and public sectors. Sword Management's mandate is to identify, acquire and manage oil and gas properties on behalf of high net worth and institutional investors. In March 2005, Sword Management formed Sword Energy Ltd. ("SEL") on behalf of private equity shareholders and acquired exploratory oil and gas properties valued at less than \$1.5 million. The Company acquired 250,000 shares of SEL at \$1.00 per share for cash consideration of \$250,000. Further, a director of the Company acquired 1,000,000 shares of SEL at \$1.00 per share for cash consideration of \$1,000,000. Through a joint venture management agreement, Sword Management will provide management and administration services to SEL and various joint venture partners and receive a management fee of 5% of the net cash flows from operations.

Cash Position and Operations

The Company's cash position at March 31, 2005 was \$2.6 million, which had been reduced through the three month period by general and administrative expenses and project identification costs (excluding amortization and stock option expense) of \$546,166 and net investments of \$248,335. Cash increased through interest income earned on money market investments of \$8,871 and dividend income of \$33,977 from the investment in Wisevest Income Fund units.

Summary of Quarterly Information

	2005	2004				2003		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	66,726	25,010	19,444	14,893	78,894	\$ 21,575	\$ 26,119	\$ 68,856
Expenses	(622,395)	(708,044)	(322,085)	(290,655)	(337,693)	\$(377,630)	\$(420,156)	\$(318,039)
Income (loss) from discontinued operations	-	19,986	-	-	-	\$ 702	\$ (266)	\$ (2,792)
Net loss for period	(555,669)	(663,048)	(302,641)	(275,762)	(258,799)	\$(355,353)	\$(394,303)	\$(251,975)

First quarter 2005 revenues increased from the prior quarter as a result of \$33,977 of income received from dividend and royalty income and gains realized in the Wisevest portfolio which were distributed to Juno. A significant portion of first quarter 2005 expenses relate to consulting costs as efforts are intensified to ensure proper and extensive marketing of the Company's products.

Liquidity

As of March 31, 2005, the Company had \$2.6 million in cash and cash equivalents to finance operational and fund development activities. On March 29, 2005, the Company closed a non-brokered private placement financing for gross proceeds of \$2,000,000 in return for the issuance of 5,000,000 units at a price of \$0.40 per unit. The units were subscribed for by a company owned and controlled by Mr. Purdy. Each unit is comprised of one common share of the Company and one-fifth of one common share purchase warrant of the Company, each whole warrant entitling the holder to acquire one common share at a price of \$0.60 on or before March 28, 2006. The Company plans to use the proceeds of this financing to further advance its current business plans that encompasses both Canadian and offshore investment markets. In addition, the Company holds \$2.5 million of long-term investments, parts of which it may or may not realize upon, to support working capital requirements. The Company has sufficient working capital to meet liquidity requirements for at least one year. The Company had working capital of \$2.7 million at March 31, 2005.

Commitments

The Company is committed to leased office space with future base rent payments of \$125,825, \$155,540, \$164,428, \$168,872, \$173,316 and \$88,880 for 2005, 2006, 2007, 2008, 2009 and 2010 respectively. The Company is also required to pay their proportionate share of operating and property tax costs for the premises.

Business Objectives

The Company is planning to issue additional Juno debentures in the second quarter of 2005 and quarterly thereafter. Further, Catapult Limited Partnership I plans to raise between \$15 million and \$25 million through the issuance of Partnership units with an expected closing of June 15, 2005.

Outstanding Share Data

<u>Capital</u>	<u>Authorized</u>	<u>Outstanding as at May 28, 2005⁽¹⁾</u>	<u>Common Shares Underlying Convertible Securities</u>
Common Shares	Unlimited	44,029,459	-
Stock Options	Not Applicable	3,600,000 ⁽¹⁾	3,600,000 ⁽¹⁾
Warrants	Not Applicable	1,000,000	1,000,000 ⁽²⁾

Notes:

- (1) The Company received shareholder approval to reserve for issuance up to 10% of the issued and outstanding Common Shares at the date of the creation for its incentive stock option plan. The Company is seeking shareholder approval to amend the plan to provide that the aggregate number of Common Shares that may be reserved for issuance shall be 10% of the issued and outstanding Common Shares from time to time.
- (2) Each Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of \$0.60 on or before March 28, 2006.

Reference is made in this Management Discussion & Analysis to the Company's consolidated financial statement disclosure for the relevant periods filed on the SEDAR website at www.sedar.com where additional disclosure relating to the Company can also be located.

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