

**BIRD RIVER RESOURCES INC.
FORM 51-102F4
BUSINESS ACQUISITION REPORT**

ITEM 1 IDENTITY OF COMPANY

1.1 Name and Address of Company

Bird River Resources Inc. (the "Company")
1059 Selkirk Avenue
Winnipeg, MB R2X 0C2
Canada

1.2 Executive Officer

John V. Tokarsky, Chief Financial Officer
Bird River Resources Inc.
(416) 948-6606

ITEM 2 DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

High Point Oil Inc. ("High Point") was a private Alberta-based company that is in the business of exploring for and producing oil and gas in Alberta. The current focus of this business is on light oil due to continued strong market demand and pricing for this product. High Point acquires or purchases 3D seismic which it interprets to determine prospective locations which then allows it to acquire targeted lands upon which to drill.

High Point may venture into natural gas production if it can be proven to be economic. Conventional natural gas production is not presently economic in Alberta due to depressed natural gas prices resulting primarily from lack of pipeline capacity. High Point does not anticipate exploring for or producing heavier grades of crude oil in the foreseeable future due to the poor economics for this product.

The business objective of High Point over the forthcoming 12-month period is to drill, complete and tie-in its first 4 light oil wells. The milestones associated with these objectives are as follows:

- To be granted eligibility by the Alberta Energy Regulator to hold licenses for all types of wells, pipelines and facilities. This milestone has been achieved.
- To license the first 3 well program.
- To complete the first 3 well program at a cost of approximately \$2.3 to \$2.5 million dollars.
- Use the cash flow generated by the first 3 well program to drill one additional well in 2018 and thereafter at a rate of about 1 well per every 3 months) at a cost of \$0.9 million.
- If additional equity becomes available to drill up to 10 wells total in 2018 at approximately \$0.8 to \$0.95 million per well. The individual well cost is anticipated to be lower if a greater number of wells are drilled at a time or if partners participate in the wells.

Other than lands and seismic data acquired or to be acquired in the ordinary course of business, there have been no significant acquisitions by High Point since its incorporation, nor are any such transactions contemplated.

On April 4, 2018, the Company announced an operational update on its oil & gas business and that the Alberta

Energy Regulator (AER) has granted High Point eligibility to hold licenses for all types of wells, facilities and pipelines. The Company has now achieved a significant step towards its inaugural drilling program, which will commence immediately following the Spring breakup.

Applications for well licenses are underway. Drilling is planned after the Spring breakup to avoid the increased risk and cost of running a drill program during the problematic thaw cycle. The Company has also expanded its drilling inventory with the acquisition of several new petroleum leases. In addition to the 20 drilling locations already established, more drilling locations are expected to be identified as the Company expands its 3D seismic database. It is anticipated that some of these incremental locations will also be added to the Company's 2018 drilling program.

2.2 Acquisition Date

The acquisition closed on February 9, 2018.

2.3 Consideration

The Company entered into a definitive agreement with the owners of High Point to acquire all of the issued capital of High Point by way of a share exchange of common shares. Pursuant to the share exchange agreement dated February 9, 2018 among the Company, High Point, and the shareholders of High Point, the Company acquired all of the issued and outstanding shares of High Point. In consideration for the purchased shares, Bird River issued to the shareholders of High Point an aggregate of 55,172,124 common shares at a deemed value of \$0.10 per common share and the issuance of 2,958,480 common share purchase warrants of the Company in exchange for the outstanding warrants of High Point. The Acquisition was an arm's length transaction and High Point became a wholly-owned subsidiary of the Company. The share exchange did not constitute or result in a "reverse takeover" of the Company, nor did it result in a new controlling shareholder group.

Bird River engaged First Republic Capital Corporation ("FRCC") to act as its financial advisor in connection with one or more possible transactions, including any financings, joint venture, merger, or other business combination. In this capacity, FRCC assisted the Company in the analysis and review of the acquisition of High Point. Accordingly, the Company paid an M&A fee of 5% of the transaction value of the acquisition paid on closing by the issuance of 2,728,776 common shares of the Company to FRCC.

2.4 Effect on Financial Position

The Company acquired a 100% equity interest in High Point and will be accounting for the investment using the purchase method of accounting. Consequently, the operations of High Point will be consolidated into the financial statements of the Company starting at the acquisition date.

The financial statements of High Point are prepared using the same or similar accounting policies of the Company. The first fiscal year end of High Point was December 31, 2017 and the fiscal year end of the Company is July 31. Consequently, the first financial statements reflecting the acquisition will be for the unaudited interim financial statements of the Company for the nine month period ending April 30, 2018 which will include the operations of High Point from the date of acquisition to April 30, 2018.

There are no plans or proposals for any material changes in the Company's business affairs, or the affairs of the business of High Point which may have a significant effect on the financial performance and financial position of the Company, including any proposal to liquidate the business of the Company or High Point, to sell, lease or exchange all or a substantial part of its assets, to amalgamate the business or to make any other material changes to the business of the Company or High Point.

2.5 Prior Valuations

Not applicable.

2.6 Parties to Transaction

Not applicable.

2.7 Date of Report

June 27, 2018.

ITEM 3 FINANCIAL STATEMENTS

Attached hereto are the audited financial statements of High Point for their first fiscal year ended December 31, 2017. The auditors of High Point have not given their consent to include their audit report in this Report.

Financial Statements of

HIGH POINT OIL INC.

For the period from incorporation on April 25, 2017
to December 31, 2017

May 7, 2018

Management's Responsibility for Financial Reporting

The accompanying audited financial statements of High Point Oil Inc. (the "Corporation") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that: (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as at the date of and for the years presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) "Ty Pfeifer"
Ty Pfeifer
Chief Executive Officer, Director

(Signed) "Howard Blacker"
Howard Blacker
Chief Financial Officer, Director



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of High Point Oil Inc.

We have audited the accompanying financial statements of High Point Oil Inc., which comprise the balance sheet as at December 31, 2017, the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from the date of incorporation on April 25, 2017 to December 31, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of High Point Oil Inc. as at December 31, 2017, and its financial performance and its cash flows for the period from the date of incorporation on April 25, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

May 10, 2018
Calgary, Canada

HIGH POINT OIL INC.

Balance Sheet

As at December 31, 2017

Assets

Current assets:

Cash	\$ 354,016
Accounts receivable	15,028
Subscription receivable (note 7)	28,800
Prepaid expenses	30,536
	<hr/> 428,380

Exploration and evaluation assets (note 5) 698,216

\$ 1,126,596

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and accrued liabilities \$ 67,091

Flow-through share premium (note 6) 66,755

133,846

Shareholders' equity:

Share capital (note 7)	1,761,443
Warrants (note 7)	57,897
Deficit	(826,590)
	<hr/> 992,750

Contingencies and commitments (note 12)

Subsequent events (note 13)

\$ 1,126,596

The accompanying notes form an integral part of these financial statements.

(Signed) "Ty Pfeifer"

Tyron Pfeifer, Director

(Signed) "Howard Blacker"

Howard Blacker, Director

HIGH POINT OIL INC.

Statement of Changes in Shareholders' Equity

For the period from incorporation on April 25, 2017 to December 31, 2017

	Share capital (note 7)	Warrants	Deficit	Total
Opening balance, April 25, 2017	\$ —	\$ —	\$ —	\$ —
Shares issued on incorporation	435,600	—	—	435,600
Shares issued for cash	1,524,650	—	—	1,524,650
Share issuance costs	(191,452)	57,897	—	(133,555)
Shares issued for acquisition of exploration and evaluation assets	59,400	—	—	59,400
Premium on flow-through shares issued	(66,755)	—	—	(66,755)
Net loss	—	—	(826,590)	(826,590)
	<u>\$ 1,761,443</u>	<u>\$ 57,897</u>	<u>\$ (826,590)</u>	<u>\$ 992,750</u>

The accompanying notes form an integral part of these financial statements.

HIGH POINT OIL INC.

Statement of Loss and Comprehensive Loss

For the period from incorporation on April 25, 2017 to December 31, 2017

Expenses:	
General and administration (note 8)	400,032
Share based compensation (note 7)	426,800
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Loss before finance expense (income) and income taxes	826,832
Finance expense (income):	
Interest income	(242)
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Loss before income tax	826,590
Income taxes (note 10):	
Deferred income tax	—
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Net loss and comprehensive loss	\$ 826,590
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Loss per share – basic and diluted (note 7)	\$ 0.56

The accompanying notes form an integral part of these financial statements.

HIGH POINT OIL INC.

Statement of Cash Flows

For the period from incorporation on April 25, 2017 to December 31, 2017

Cash provided by (used in):

Operations:

Net loss	\$ (826,590)
Share based compensation	426,800
Net change in non-cash working capital (note 9)	(18,484)
	<hr/>
	(418,274)

Financing:

Issuance of shares	1,504,650
Share issue costs	(133,555)
	<hr/>
	1,371,095

Investments:

Exploration and evaluation expenditures (note 5)	(638,816)
Net change in non-cash working capital (note 9)	40,011
	<hr/>
	(598,805)

Change in cash 354,016

Cash, beginning of period —

Cash, end of period \$ 354,016

The accompanying notes form an integral part of these financial statements.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

1. Nature of operations:

High Point Oil Inc. (the "Corporation" or "High Point") is a privately held corporation incorporated and domiciled in Canada. The registered office of the Corporation is located at 430, 440 – 2nd Avenue, Calgary, Alberta, Canada, T2P 5E9.

High Point is an oil and gas enterprise engaged in exploration, development and production opportunities in Canada. The Corporation holds oil and gas assets located in Canada.

High Point is in the start up phase of its operation and has acquired and analysed seismic and other data related to its area of interest but has not yet begun active oil and gas operations.

These financial statements are for the period from incorporation on April 25, 2017 to December 31, 2017.

2. Basis of presentation and statement of compliance:

The accompanying financial statements of the Corporation and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared on a historical cost basis, except as detailed in the Corporation's accounting policies disclosed in Note 3.

These financial statements are presented in Canadian dollars being the Corporation's functional currency.

These financial statements have been prepared in compliance with IFRS and were approved for issuance by the board of directors on May 7, 2018.

3. Summary of significant accounting policies:

In these financial statements, unless otherwise indicated, all dollars are expressed in Canadian dollars. The principal accounting policies used in preparation of these financial statements are set out below and have been consistently applied to all the periods presented, unless otherwise stated.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

3. Summary of significant accounting policies (continued):

(a) Significant accounting judgments, estimates and assumptions:

The timely preparation of financial statements in accordance with IFRS requires that management make estimates and assumptions and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

(i) Share-based payment transactions:

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, forfeiture rate and dividend yield of the option as well as the risk-free interest rate.

(ii) Exploration and evaluation assets:

The application of the Corporation's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefit exists when activity has not reached a stage where technical feasibility and commercial viability have been reached. Estimates and assumptions may change as new information becomes available.

(iii) Fair value of financial instruments:

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty due to their exposure to credit, liquidity and market risks.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

3. Summary of significant accounting policies (continued):

(a) Significant accounting judgments, estimates and assumptions (continued):

(iv) Income taxes:

The provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Income tax regulations and legislation and the interpretations thereof in the various jurisdictions that the Corporation operates are subject to change. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the periods in which such determination is made.

(v) Contingencies:

Contingencies, by their nature, are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies involves a significant amount of judgment including assessing whether a present obligation exists and providing a reliable measure of the amount of cash outflow required to settle the obligation. The uncertainty involved with the timing and amount at which a contingency will be settled may have a material impact on the financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

(b) Exploration and evaluation ("E&E") assets:

Costs incurred after the legal right to explore an area has been obtained and before technical feasibility and commercial viability of the area have been established are capitalized as E&E assets. These costs include license acquisition, geological and geophysical, drilling, sampling, decommissioning and other directly attributable internal costs. E&E assets are not depreciated and are carried forward until technical feasibility and commercial viability is determined or the assets are determined to be impaired.

Once technical feasibility and commercial viability have been established, the carrying value of the related E&E assets is tested for impairment as discussed below. The carrying value, net of any impairment loss, is then reclassified to property, plant and equipment. If it is determined that the field/area/project is not technically feasible or commercially viable or if the Corporation decides not to continue the exploration and evaluation activity, then the accumulated costs are expensed to depreciation and impairment in the period in which the event occurs.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

3. Summary of significant accounting policies (continued):

(b) Exploration and evaluation ("E&E") assets (continued):

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Any impairment loss is recognized in the consolidated statement of loss and comprehensive loss as additional depreciation and impairment and is separately disclosed in the financial statement notes. E&E assets are allocated to a related CGU containing development and production assets. The aggregate carrying amount is compared to the expected recoverable amount of the CGU generally by reference to the present value of the future cash flows from the production of reserves.

Any gains or losses from the divestiture of E&E assets are recognized separately in the consolidated statement of loss and comprehensive loss.

(c) Finance income and expense:

Interest income is recognized as it accrues in profit or loss using the effective interest method.

(d) Income taxes:

Current and deferred income taxes are provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. The Corporation follows the liability method of accounting for income taxes, where deferred income taxes are recorded for the effect of any temporary difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates expected to apply when the assets are realized or liabilities are settled. Deferred income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in net loss in the period that the change occurs except when it relates to items charged or credited directly to equity, in which case the deferred income tax is also recorded in equity. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are only offset where they arise within the same entity and tax jurisdiction.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

3. Summary of significant accounting policies (continued):

(e) Per share amounts:

Basic per share amounts are computed by dividing the net earnings by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if stock options or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price. The effects of anti-dilutive instruments are ignored in calculating diluted net earnings per common share. All options are considered anti-dilutive when the Corporation is in a loss position.

(f) Financial instruments:

Financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Corporation has the legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

Financial instruments are classified as either "fair value through profit or loss", "loans and receivables", "held-to-maturity investments", "available-for-sale financial assets" or "financial liabilities measured at amortized cost". The Corporation determines the classification of its financial instruments at initial recognition. Financial instruments are initially measured at fair value except in the case of "loans and receivables" and "financial liabilities measured at amortized cost" which are initially measured at fair value plus transaction costs.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

The Corporation's financial assets include cash, and accounts receivable while its financial liabilities consist of accounts payable and accrued liabilities.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

3. Summary of significant accounting policies (continued):

(f) Financial instruments (continued):

(i) Fair value through profit or loss:

Financial assets and financial liabilities at “fair value through profit or loss” are either “held-for-trading” or have been designated at “fair value through profit or loss”. In both cases, the financial assets and financial liabilities are measured at fair value with changes in fair value recognized in net earnings or loss. Cash is designated as fair value through profit or loss.

(ii) Loans and receivables:

“Loans and receivables” are financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these assets are measured at amortized cost at the settlement date using the effective interest method of amortization. Gains and losses are recognized in net earnings or loss when the “loans and receivables” are derecognized or impaired. Accounts receivable and deposits are designated as loans and receivables.

(iii) Financial liabilities measured at amortized cost:

“Financial liabilities measured at amortized cost” are measured at amortized cost at the settlement date using the effective interest method of amortization. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(iv) Impairment of financial assets:

At each reporting date, the Corporation assesses whether there are any indicators that its financial assets are impaired. An impairment loss is recognized if there is objective evidence of impairment and the loss event has an impact on future cash flow and can be reliably estimated.

(g) Share capital:

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any income tax. Amounts paid by the Corporation for the re-purchase of treasury shares are charged to equity.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

3. Summary of significant accounting policies (continued):

(h) Flow-through shares:

The Corporation may issue flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value of the flow-through shares issued and the value that would have been received for common shares as at the date of announcement of the flow-through share issuance is initially recognized as a liability on the Financial Statements. When the expenditures are incurred, the liability is reduced, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Corporation as a result of the renunciation and the difference is recognized as a deferred tax expense.

(i) Warrant valuation:

Warrants issued in unit equity offerings and warrants issued to agents as partial compensation for services provided in connection with equity offerings are fair valued using the Black-Scholes option pricing model and are credited to warrants.

4. Recent accounting pronouncements:

Accounting standards and amended issued but not yet adopted:

The following pronouncements from the IASB will become effective or were amended for financial reporting periods beginning on or after January 1, 2016 and have not yet been adopted by the Corporation. These new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application.

IFRS 15 – Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The new standard will be effective for periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation is currently analyzing the impact of the new standard.

IFRS 9 – Financial Instruments replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Corporation is currently analyzing the impact of the new standard.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

4. Recent accounting pronouncements (continued):

IFRS 16 – IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The new standard is effective for periods beginning on or after January 1, 2019. The Corporation is currently analyzing the impact of the new standard.

5. Exploration and evaluation assets:

Balance at incorporation on April 25, 2017	\$	–
Additions transferred into Corporation by founding shareholders for shares (note 7)		59,400
Additions for cash		638,816
	\$	698,216

At the time of incorporation, seismic data and exploration and evaluation assets were transferred to the Corporation for share consideration (note 7). Subsequent to incorporation the Corporation purchased seismic data and services and petroleum and natural gas leases. Such E&E assets consist of the Corporation's evaluation projects and are pending the determination of technical feasibility and commercial viability based on proven or probable reserves. At such time that technical and commercial viability has been proven these assets will be transferred to property, plant and equipment – development and production assets. If such viability cannot be proven these E&E assets will be written down to their estimated value.

For the year ended December 31, 2017, \$nil were transferred to property, plant and equipment – development and production assets.

6. Flow-through share premium:

A flow through share premium liability is recognized on the issuance of flow through shares (note 7). The premium liability is derecognized through tax expense when qualifying expenditures are renounced to the investor and incurred by the Corporation (Note 12).

Balance, at incorporation April 25, 2017	\$	–
Flow-through share premium liability recognized		66,755
Flow-through share renunciation		–
	\$	66,755

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

7. Share capital:

For items 7(1) and 7(2) below the value of the shares was determined to be \$0.99 per based on the May and June 2017 unit issuance to third parties for cash (see below). The shareholders paid \$0.02 per share for total proceeds of \$8,800. The differences between \$435,600 value attributed to the shares and the \$0.02 paid for the shares of \$426,800 has been recognized as share based compensation in the statement of loss and comprehensive loss.

(a) Authorized:

Unlimited number of common shares without nominal or par value

Unlimited number of preferred shares

(b) Shares issued:

Common shares issued	Shares	Amount
Balance, at incorporation April 25, 2017	–	\$ –
Issuance of shares (1)	440,000	435,600
Issuance of shares on asset acquisition (2)	60,000	59,400
Private placement of common share units (3)	862,000	742,179
Private placement of common share unites (4)	33,400	40,442
Private placement of flow through shares (5)	75,033	95,795
Private placement of flow through shares (6)	250,000	388,027
	1,720,433	\$ 1,761,443

Share issuances:

1. On April 25, 2017, the Corporation issued 440,000 shares on incorporation. The \$8,800 subscription receivable for these shares was received by the Corporation in April of 2018. Of the total shares issued, 300,000 shares were issued to the director and CEO of the Corporation (See note 5).
2. In April 25, 2017, the Corporation completed an asset acquisition, issuing 60,000 common shares. These shares were valued at \$0.99 per share based on the fair market value of the assets received and the value attributed to the May/June common shares in the third party unit issuance for cash (see below). Of the total shares issued, 36,000 shares were issued to the directors of the Corporation.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

7. Share capital (continued):

(b) Shares issued (continued):

3. In May and June 2017, the Corporation completed a private placement, issuing 862,000 common shares on a unit basis for total gross proceeds of \$862,000 (\$1.00 per unit). The units issued under the Private Placement included 215,500 liquidity warrants with an exercise price of \$0.0001. These liquidity warrants are only exercisable if a liquidity event does not occur within one year. A liquidity event included High Point Oil issuing an initial public offering or being taken over by a public Corporation. The value attributed to the liquidity warrant of \$0.01 per unit or \$8,620 has been recorded in warrants and the resided value of \$0.99 has been recognized in share capital. Pursuant to the Private Placement, the Corporation incurred \$84,796 in commissions and legal costs which have been recorded as share issue costs. Of the total shares issued, 10,000 units were issued to Directors of the Corporation. 68,960 broker warrants with a deemed value of \$26,405 (\$0.38 per warrant) were issued as a part of this private placement.
4. In November 2017, the Corporation completed a private placement, issuing 33,400 common shares on a unit basis (the "Unit") for total gross proceeds of \$50,100 (\$1.50 per unit). The units issued under the private placement included 16,700 warrants with an exercise price of \$2.00 with a deemed value of \$7,458 (\$0.45 per warrant). Pursuant to the Private Placement, the Corporation incurred \$2,200 in legal costs which have been recorded as share issue costs. Of the total shares issued, 16,700 units were issued to Directors of the Corporation.
5. In conjunction with the above November 2017 issue of Units, the Corporation completed a private placement, issuing 75,033 common shares on a flow-through basis ("FTS") for total gross proceeds of \$112,550 (\$1.50 per FTS). The FTS issued under the Private Placement were issued at deemed premium of \$16,755 (\$0.22 per FTS) to recognize the benefit of the tax deductions transferred to subscribers. Until the eligible expenditures are incurred by the Corporation, the premium resides as a liability. The eligible expenditures must be incurred by the deadline of December 31, 2018. Of the total shares issued, 33,333 FTS were issued to Directors of the Corporation.
6. In December, the Corporation completed a private placement, issuing 250,000 common shares on a flow-through basis for total gross proceeds of \$500,000 (\$2.00 per FTS). The FTS issued under the Private Placement were issued at deemed premium of \$50,000 (\$0.20 per FTS) to recognize the benefit of the tax deductions transferred to subscribers. Until the eligible expenditures are incurred by the Corporation, the premium resides as an 'other liability'. The eligible expenditures must be incurred by the deadline of December 31, 2018. Pursuant to the Private Placement, the Corporation incurred \$46,559 in commissions and legal costs which have been recorded as share issue costs. 20,000 broker warrants with a deemed value of \$15,414 (\$0.77 per warrant) were issued as a part of this Private Placement. Of the total proceeds, \$20,000 of the proceeds were received on January 4, 2018.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

7. Share capital (continued):

(c) Warrants:

The status of warrants outstanding as of December 31, 2017 and the changes during the period from incorporation on April 25, 2017 to December 31, 2017 is presented as follows:

	Warrants	Amount
Balance, at incorporation April 25, 2017	–	\$ –
Liquidity warrants issued on private placement of common share units 7(b)	215,500	8,620
Broker warrants issued on private placement of common share units 7(b)	68,960	26,405
Issued on private placement of common share units 7(b)	16,700	7,458
Broker warrants issued on private placement of flow through shares 7(b)	20,000	15,414
Balance, December 31, 2017	321,160	\$ 57,897
Exercisable, end of period	105,660	

The following table summarizes information about warrants outstanding at December 31, 2017:

Liquidity warrants:

Exercise prices	Warrants outstanding			Warrants exercisable	
	Number outstanding	Weighted average remaining life (periods)	Weighted average exercise price (Cdn \$)	Number exercisable	Weighted average exercise price (Cdn \$)
\$ 0.0001	215,500	1.40	\$0.0001	–	\$ –

2,500 of the liquidity warrants are held by directors of the Corporation.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

7. Share capital (continued):

(c) Warrants (continued):

Other warrants:

Exercise prices	Warrants outstanding			Warrants exercisable	
	Number outstanding	Weighted average remaining life (periods)	Weighted average exercise price (Cdn \$)	Number exercisable	Weighted average exercise price (Cdn \$)
\$ 1.00	68,960	1.40	\$ 1.00	68,960	\$ 1.40
\$ 2.00	16,700	1.92	2.00	16,700	1.92
\$ 2.00	20,000	1.98	2.00	20,000	1.98
	105,660	1.59	\$ 1.35	105,660	\$ 1.35

8,350 other warrants are held by directors of the Corporation.

(d) Per share amounts:

Basic loss per share is calculated using the weighted average number of shares of 1,467,250. All warrants were excluded from the dilution calculation as they were anti-dilutive in nature.

(e) Warrants:

The components of warrants are as follows:

Balance, at incorporation April 25, 2017	\$	–
Value assigned to warrants (1)		57,897
Balance, December 31, 2017	\$	57,897

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

7. Share capital (continued):

(e) Warrants (continued):

1. The value assigned to warrants component reflects the accumulated value assigned to warrants, based on their fair values at the date of grant, which remain unexercised. The fair value of the warrants granted during the year were estimated at the grant date using the Black-Scholes option pricing model and have been credited to contributed surplus within shareholders' equity. A summary of the assumptions used in the calculations is noted below:

	Share price	Exercise price	Risk free rate	Expected life(years)	Expected volatility	Fair value per warrant
Liquidity warrants issued on private placement of common share units (2)			see below			
Broker warrants issued on private placement of common share units	\$1.00	\$1.00	0.56%	2	70%	\$0.38
Issued on private placement of common share unites	\$1.50	\$2.00	0.84%	2	70%	\$0.45
Broker warrants issued on private placement of flow through shares	\$2.00	\$2.00	0.99%	2	70%	\$0.77

2. Liquidity warrants are only exercisable if a liquidity event does not occur within one year. A liquidity event included High Point Oil issuing an initial public offering or being taken over by a public Corporation. A value of \$0.04 per liquidity warrant was determined based on management's best estimate of the probability or liquidity event would not occur by within 12 months of issuance. Subsequent to year end, the liquidity warrants expired unexercised (see note 13).

8. Related party transactions and key management compensation:

The financial statements include salary and consulting fees of \$178,600 that were paid directly to current officers and directors of the Corporation. Legal fees and disbursements of \$22,395 were paid to a law firm in which one of our directors is an associate. These amounts were reflected in the financial statements as follows:

General and administrative	\$ 178,600
Share issuance costs	22,395
Share based compensation	291,000
	<u>\$ 491,995</u>

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

8. Related party transactions and key management compensation:

Included in accounts payable and accrued liabilities as at December 31, 2017 was \$nil owing in respect of these fees.

In 2017 shares were issued to related parties (Note 7).

9. Cash flow information:

Sources (uses) of cash:	
Accounts receivable	\$ (15,028)
Deposits and prepaid expenses	(30,536)
Accounts payable and accrued liabilities	67,091
	<hr/>
	\$ 21,527
	<hr/>
Net change in working capital balances relating to investing activities	\$ 40,011
Net change in working capital balances relating to operating activities	(18,484)
	<hr/>
	\$ 21,527

10. Income tax:

The provision for future taxes in the financial statements differs from the result, which would have been obtained by applying the combined federal and provincial tax rate to the Company's loss before income taxes. This difference results from the following items:

Loss before income taxes	\$ (826,590)
Combined federal and provincial tax rate	27.00%
Computed "expected" income tax reduction	(223,179)
Increase (decrease) in income taxes resulting from:	
Non-deductible expenses	115,236
Valuation adjustment	107,943
	<hr/>
Income tax expense (recovery)	\$ —

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

10. Income tax (continued):

The Corporation's unrecognized deductible temporary differences are as follows:

Share Issue costs	106,844
Non-capital losses	426,500
Total unrecognized deductible temporary differences	\$ 533,344

Deferred tax assets in respect of the deductible temporary timing differences have not been recognized as it is not yet probable that future taxable profits will be available to utilize the benefit.

As at December 31, 2017, the Corporation had approximately \$426,500 non-capital losses available that will expire in 2037.

11. Financial and capital risk management:

The Corporation is exposed to financial risk on its financial instruments including cash, restricted cash, accounts receivable and accounts payable and accrued liabilities. The Corporation manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Fair value:

The carrying value of these financial instruments approximates fair value primarily due to the short-term maturity of these financial instruments.

The main financial risks affecting the Corporation are discussed below:

(b) Commodity price risk:

The ability of the Corporation to develop its interest in its oil and gas exploration blocks is related to the market price of oil and gas. The Corporation does not use financial derivatives or physical delivery sales contracts and accordingly, commodity price risk is negligible.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

11. Financial and capital risk management (continued):

(d) Credit risk:

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial instruments on hand at the balance sheet date. The Corporation has policies in place to ensure that transactions are made to parties with an appropriate credit history and monitors on a continuous basis the aging profile of its receivables, if any. The majority of the Corporation's financial instruments subject to credit risk are cash and accounts receivable. When joint operations are conducted on behalf of a joint venture partner relating to capital expenditures, the costs of such operations are paid for in advance to the Corporation by way of a cash call by the partner of the operations being conducted. Accounts receivable are presented in the consolidated balance sheet net of any allowances for doubtful accounts. Revenues from oil sales are normally collected on the 25th day of the month following the production month. The total accounts receivable balance of \$15,028 is primarily due from the Government of Canada for GST refunds which were current as at December 31, 2017. No allowance for doubtful accounts has been established as at December 31, 2017. The credit risk on cash is considered by management to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. On a quarterly basis, the Corporation assesses whether there should be any impairment of the financial instruments. There are no material financial instruments that the Corporation considers past due. No impairment of financial assets has occurred as of December 31, 2017.

(e) Liquidity risk:

Liquidity risk includes the risk that, as a result of the Corporation's operational liquidity requirements:

- (i) The Corporation will not have sufficient funds to settle a transaction on the due date;
- (ii) The Corporation will be forced to sell financial assets at a value which is less than what they are worth; or
- (iii) The Corporation may be unable to settle or recover a financial asset at all.

The Corporation has an appropriate liquidity risk management framework for monitoring and assessing the Corporation's short, medium and long-term funding and liquidity requirements.

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

11. Financial and capital risk management (continued):

(e) Liquidity risk (continued):

The Corporation's cash requirements and balances are projected based on forecasted operations and capital expenditures. The Corporation plans to meet these requirements through the mix of available funds, equity financing on a required basis, project debt financing and cash to be provided by the exercise of warrants and share options in the future. Continuing operations are dependent on the Corporation's ability in the near term to access sufficient capital to complete exploration and development activities, identify commercial oil and gas reserves and to ultimately have profitable operations.

(f) Capital management:

The Corporation defines its capital base as total shareholders' equity \$992,750 at December 31, 2017 and working capital (current assets less current liabilities) \$361,289 at December 31, 2017. The Corporation manages its capital structure to maximize financial flexibility making adjustments in light of changes in economic conditions and risk characteristics of the underlying assets. Each potential investment opportunity is assessed to determine the nature and amount of capital required together with the relative proportions of debt and equity to be deployed to ensure that the Corporation will be able to continue as a going concern and to provide a return to shareholders through exploring, appraising and developing its assets. The Corporation does not presently utilize any quantitative measures to monitor its capital and is not subject to any externally imposed capital requirements.

12. Contingencies and commitments:

In November and December 2017, the Corporation completed private placements (the "Private Placement"), issuing 325,033 common shares on a flow-through basis (the "FTS") for total gross proceeds of \$612,550. The Corporation is committed to spend this amount on eligible expenditures by December 31, 2018. To date, none of this amount has been spent.

High Point leases its office under a three year lease.

Minimum lease commitments under this lease inclusive of an estimate of operating costs and property taxes are as follows:

Minimum lease commitments:	
2018	\$ 104,820
2019	104,820
2020	52,410
Total	\$ 262,050

HIGH POINT OIL INC.

Notes to the Financial Statements

For the period from incorporation on April 25, 2017 to December 31, 2017

13. Subsequent events:

On January 12, 2018 the Corporation issued 250,000 common shares to related parties for additional exploration and evaluation assets. The director and CEO of the Corporation received 125,000 shares.

On February 9, 2018 the shareholders of the Corporation entered into an agreement to exchange their shares for shares in Bird River Resources Inc., a public company, which resulted in the Corporation becoming a 100% wholly owned subsidiary of Bird River Resources Inc. on February 12, 2018.