

BIRD RIVER RESOURCES INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS**

**FOR THE THREE MONTH PERIOD
ENDED OCTOBER 31, 2018**

(UNAUDITED – PREPARED BY MANAGEMENT)

Notice to Reader

Under National Instrument 51-102, Part 4, paragraph 4.3(3)(a), if an auditor has not performed a review of interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements

BIRD RIVER RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at October 31 2018	As at July 31 2018
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 849,907	\$ 1,724,778
Trade receivables	288,998	560,078
Goods and services tax recoverable	41,704	204,541
Prepaid expenses and deposits	75,527	104,726
Total current assets	1,256,136	2,594,123
Non current assets:		
Property and equipment (Note 4)	8,647,630	8,296,375
Investment in Joint Arrangements (Note 5)	261,229	261,229
Total non current assets	8,908,859	8,557,604
Total assets	\$ 10,164,995	\$ 11,151,727
Liabilities and Equity		
Liabilities:		
Current liabilities:		
Trade Payables	\$ 297,067	\$ 1,382,737
Accrued liabilities	110,645	219,886
Flow-through liabilities (Note 7)	36,824	45,831
Total current liabilities	444,536	1,648,454
Non current liabilities:		
Decommissioning obligations (Note 8)	410,769	407,752
Deferred income taxes	1,119,000	1,065,000
Total liabilities	1,974,305	3,121,206
Equity:		
Share capital (Note 9)	10,273,404	10,273,404
Warrants (Note 9)	862,244	862,244
Share based payments reserve (Note 10)	13,603	10,713
(Deficit)	(2,958,561)	(3,115,840)
Total equity	8,190,690	8,030,521
Going concern of operations (Note 2)		
Subsequent events (Note 15)		
Total liabilities and equity	\$ 10,164,995	\$ 11,151,727

Approved by the Board:

"Jon Bridgman" Director

"Donal Carroll" Director

BIRD RIVER RESOURCES INC.

Condensed Interim Consolidated Statements of Comprehensive Loss (unaudited) (Expressed in Canadian Dollars)

	3 months ended	
	October 31 2018	October 31 2017
Revenue:		
Petroleum and natural gas revenue	\$ 633,787	\$ 4,351
	633,787	4,351
Expenses:		
Depletion	79,286	4,019
General and administrative (Note 11)	209,401	35,248
Production and operating - petroleum and natural gas	98,051	2,285
Royalties - petroleum and natural gas	39,977	-
Share based payments (Note 10)	2,890	203
	429,605	41,755
Income (loss) from operations	204,182	(37,404)
Other income (expenses):		
Accretion expense	(3,018)	-
Debt forgiveness	-	56,781
Interest income	1,108	-
	(1,910)	56,781
Net income before discontinued operations	202,272	19,377
Net income on discontinued operations (Note 16)	-	7,021
Net income before income taxes	202,272	26,398
Deferred income tax (expense), net of flow-through premiums	(44,993)	-
Net income and comprehensive for the period	\$ 157,279	\$ 26,398
Basic and diluted income per share (Note 10)	\$ 0.001	\$ 0.002

BIRD RIVER RESOURCES INC.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	3 months ended	
	October 31	October 31
	2018	2017
Operating activities:		
Net (loss) and comprehensive (loss) for the period	\$ 157,279	\$ 26,398
Adjustments for:		
Depletion	79,286	4,019
Depreciation	-	81
Share based payments	2,890	203
Deferred income tax expense (recovery) net of flow through premiums	44,993	-
Accretion expense	3,018	-
Changes in non-cash working capital items:		
Trade receivables	271,079	(1,049)
Goods and services tax recoverable	162,837	(2,180)
Prepaid expenses and deposits	29,199	-
Inventory	-	505
Trade payables	(1,085,670)	(115,871)
Accrued liabilities	(109,241)	(76,003)
	(444,330)	(163,897)
Financing activity:		
Common shares issued	-	138,523
	-	138,523
Investing activity:		
Property and equipment	(430,541)	-
	(430,541)	-
Change in cash and cash equivalents	(874,871)	(25,374)
Cash and cash equivalents, beginning of the period	1,724,778	35,456
Cash and cash equivalents, end of the period	\$ 849,907	\$ 10,082

BIRD RIVER RESOURCES INC.

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

	Share capital	Warrants	SBPR	Deficit	Total
Opening Balance, July 31, 2017	\$ 1,012,247	\$ -	\$ 1,840	\$ (1,102,906)	\$ (88,819)
Net loss				(2,012,934)	(2,012,934)
Shares issued in settlement of indebtedness	138,523				138,523
Shares issued for cash on private placements	4,764,210				4,764,210
Valuation of Warrants issued in private placements	(672,506)	672,506			-
Share issuance costs - cash	(397,796)				(397,796)
Share issuance costs - broker warrants	(140,491)	140,491			-
Shares issued for acquisition of High Point	5,467,965	49,247			5,517,212
Shares issued in settlement of M&A fee	272,878				272,878
Share based payments			8,873		8,873
Premium on flow-through shares issued	(171,626)				(171,626)
Balance, July 31, 2018	\$ 10,273,404	\$ 862,244	\$ 10,713	\$ (3,115,840)	\$ 8,030,521
Net income				157,279	157,279
Share based payments			2,890		2,890
Balance, October 31, 2018	\$ 10,273,404	\$ 862,244	\$ 13,603	\$ (2,958,561)	\$ 8,190,690
SBPR - Share based payments reserve					

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements

BIRD RIVER RESOURCES INC.
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
For the periods ended October 31, 2018 and 2017
(Expressed in Canadian dollars)

1. Nature of operations

Bird River Resources Inc. (the "Company" or "Bird River") is a publicly listed company incorporated under the laws of Manitoba on March 7, 1958. The mailing and office address of its executive office is: 1059 Selkirk Avenue; Winnipeg, Manitoba, R2X 0C2.

The Company's principal business activities include the acquisition and exploration of resource properties with the primary focus on petroleum and natural gas properties. In the past, the Company had also engaged in secondary activities, from time to time, involving the purchase or acquisition of certain industrial minerals, typically diatomaceous earth and bentonite, for distribution and re sale or for use in an abandoned water well sealing operation. This aspect of the Company was discontinued on April 30, 2018 when the related assets were sold (Note 16). The Company's shares are listed on the Canadian Securities Exchange under the symbol BDR.

2. Basis of preparation and summary of significant accounting policies

These condensed interim consolidated financial statements of the Company for the three month period ended October 31, 2018 (the "consolidated financial statements") have been prepared in accordance with IAS 34 Interim Financial Reporting.

These consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended July 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using accounting policies consistent with those used in the Company's July 31, 2018 annual consolidated financial statements.

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The consolidated financial statements were authorized for issue by the Board of Directors on December 28, 2018.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Going concern of operations

The going concern assumption implies that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. However, there is doubt about the appropriateness of the use of the going concern assumption because the Company has experienced losses and negative cash flows from operations over a number of years.

The Company determined in its July 31, 2018 fiscal year that its exploration and evaluation assets contained reserves that were technically and economically feasible and accordingly its exploration and evaluation assets were reclassified to property and equipment at that time. However, the success of any development of these assets cannot be assured. Additional funds may be required, and the Company may not have sufficient funds to conduct the development required. The primary source of future funds available to the Company is through the sale of oil and through the sale of additional equity capital, which may dilute the interests of existing shareholders.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern

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assumption was not appropriate. If the going concern assumption was not appropriate, then adjustments may be necessary to the carrying value of assets and liabilities and the reported amounts of revenue and expenses.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) the recoverability of sundry receivables that are included in the statement of financial position;
- b) the recoverability of expenditures incurred on the Company's property interests;
- c) although the Company has taken steps to verify title to the resource properties in which it has an interest, these procedures do not guarantee the Company's title and such properties may be subject to prior agreements or transfers and title may be affected by undetected issues;
- d) the actual life and volume of petroleum reserves which impacts the calculation of depletion and decommissioning obligations;
- e) the inputs used in accounting for share based payment transactions;
- f) the actual cost and timing of well abandonment activities which impacts the decommissioning obligation
- g) the amount and timing of the reversal of temporary timing differences which impacts the calculation of deferred taxes; and
- h) management's judgment in determining the functional currency of the Company as Canadian Dollars.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries High Point Oil Inc. ("High Point") and 2411181 Manitoba Ltd. All significant inter-company transactions have been eliminated on consolidation.

Future accounting changes

Standards issued but not yet effective up to the date of issuance of these consolidated financial statements are listed below. This listing is of the standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of these new standards on its consolidated financial statements to be significant.

IFRS 9 Financial Instruments

IFRS 9, as issued, addresses the classification and measurement of financial assets and liabilities and requires any financial assets or liabilities to be classified into one of three measurement categories. The measurement categories are: (1) fair value through profit and loss; (2) fair value through other comprehensive income or loss; and (3) amortized cost. Investments in equity instruments must be measured at fair value through profit or loss; however, there is an irrevocable option to present the changes in fair value in other comprehensive income or loss. For financial liabilities, the majority of the requirements from IAS 39 have been retained. The main difference is where the fair value option is chosen for financial liabilities, the portion of the fair value change relating to an entity's own credit risk is recorded in other comprehensive income or loss as opposed to profit or loss. The standard is effective for annual periods beginning on or after January 1, 2018. This amendment was adopted by the Company on August 1, 2018 and the Company has

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determined that there will be no material change to the consolidated financial statements other than enhanced disclosures.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 requires entities to follow a five step model for the recognition of revenue upon the transfer of control of a good or service to the customer. The five steps are: (1) contract is identified with the customer; (2) performance obligations are identified; (3) transaction price is determined; (4) transaction price is allocated; and (5) revenue is recognized when the performance obligation is satisfied. In addition, there are enhanced revenue disclosures to provide investors with a more comprehensive understanding of the nature, amount, timing and uncertainty of revenue and cash flows from contracts. This standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations on revenue recognition. This standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 was adopted by the Company on August 1, 2018. The Company has completed its review of sales contracts with customers and has determined that there will be no material change to the consolidated financial statements other than enhanced disclosures.

IFRS 16 Leases

IFRS 16 specifies how to recognize, measure, present and disclose information relating to leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has an insignificant value. Consistent with its predecessor, IAS 17, the new lease standard continues to require lessors to classify leases as operating or finance. This standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will be adopted by the Company on August 1, 2019 and the Company is currently reviewing contracts that are currently identified as leases and evaluating the impact of the standard on the consolidated financial statements.

3. Cash and cash equivalents

	October 31, 2018	July 31, 2018
Cash	\$ 559,181	\$ 1,343,976
Restricted Cash	290,726	380,802
Total Cash and Cash Equivalents	\$ 849,907	\$ 1,724,778

Cash and cash equivalents are deposited at established Canadian financial institutions.

Restricted cash represents proceeds from the issuance of flow through shares less eligible amounts incurred in the amount of \$270,726 and a guaranteed investment certificate in the amount of \$20,000. The Company is committed to spend the proceeds from the issuance of flow through shares on qualifying expenditures by December 31, 2018 and the guaranteed investment certificate is security against the corporate credit card.

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4. Property and equipment

Cost	Other equipment	Development and production assets (D&P)	Total
As at July 31, 2017	\$ 63,675	\$ 204,181	\$ 267,856
Transferred from Exploration and Evaluation		5,940,927	5,940,927
Additions	-	2,282,779	2,282,779
Disposals (Note 16)	(63,675)	-	(63,675)
As at July 31, 2018	-	8,427,887	8,427,887
Additions	-	430,541	430,541
As at October 31, 2018	\$ -	\$ 8,858,428	\$ 8,858,428

Accumulated depletion, depreciation and impairment	Other equipment	Development and production assets (D&P)	Total
As at July 31, 2017	\$ 62,195	\$ 123,791	\$ 185,986
Depletion and depreciation	161	7,721	7,882
Disposals (Note 16)	(62,356)	-	(62,356)
As at July 31, 2018	-	131,512	131,512
Depletion	-	79,286	79,286
As at October 31, 2018	\$ -	\$ 210,798	\$ 210,798

Carrying value	Other equipment	Development and production assets (D&P)	Total
As at July 31, 2018	\$ -	\$ 8,296,375	\$ 8,296,375
As at October 31, 2018	\$ -	\$ 8,647,630	\$ 8,647,630

5. Interests in joint arrangements

Many of the Company's oil and natural gas activities involve jointly owned assets. The consolidated financial statements include the Company's share of these jointly owned assets and a proportionate share of the relevant revenue and related costs. The relationships with jointly owned asset partners have been referred to as joint ventures in the remainder of these consolidated financial statements as is common in the Canadian oil and gas industry. In Manitoba, the Company participates in a joint venture with Antler River Resources Ltd. and other parties relating to twelve oil wells in southwestern Manitoba. The Company has earned approximately a 4% interest in the joint venture. In Alberta the Company participates in a joint venture with DEL Canada GP Ltd. and holds a 50% interest in the joint venture.

Investment in related technologies

The Company has joint ventures with Divestco Inc. to investigate alternative technologies that may have application to the oil and gas business.

Crypto Currency Test Project

The Company's total contribution to the proof of concept phase of this joint venture included the purchase of dedicated

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computers (rigs) at a total capital cost of \$141,229. There is no further investment committed. The Company earns 80% of the net operating income of any machines it purchases until their capital cost is recovered at which time Bird River's share of the net operating income of the machines reverts to 50%. Recent increases in power cost in Alberta due to additional government charges have proven the importance of controlling the energy source in this sort of venture (see Cogeneration Vertical). This project is still in early operation and there have been no financial results reported by the operator.

Cogeneration Project

The Company's contribution to the Cogeneration joint venture to date has been \$120,000. This expenditure covered the first phases of the engineering and design. Due to regulatory hurdles this project is taking longer than anticipated and it is not expected that additional capital will be required in the 2018 calendar year. No further capital is committed at this time.

	Amount
Crypto Currency Test Project	\$ 141,229
Cogeneration	120,000
	\$ 261,229

Carrying amounts represent amounts advance by the Company towards the joint venture operators. Financial results of the ventures will be reported in future periods using the equity method of accounting.

6. Exploration and evaluation assets

Manitoba

The Company previously held an exploration property known as the Ore Fault property located on the Bird River Greenstone Belt, 125 kilometers northeast of Winnipeg, Manitoba. On August 19, 2008 Marathon PGM acquired the balance of the Ore Fault property consisting of 19 claims which covers 446 hectares. Under the joint arrangement, Marathon had an option to earn 100% of the Ore Fault property once their interest reached 70%. Marathon exercised its option to require the Corporation to sell the remaining 30% interest in the property for a purchase price of \$1,450,000. The Company retains a 1% net smelter return ("NSR") royalty on the Ore Fault Property.

Central Alberta

During the year ended July 31, 2018, the Company commenced drilling in its Central Alberta area. The drilling resulted in significant recoverable reserves (see the Company's NI51-101F1 Statement of Reserves Data - available on SEDAR). As a result, all Exploration and Evaluation amounts related to Central Alberta have been moved to Property and Equipment where they will be properly depleted. Commercial production began August 1, 2018.

	Manitoba	Alberta	Total
Balance, July 31, 2016	\$ 35,127	\$ -	\$ 35,127
Writedowns	(35,127)	-	(35,127)
Balance, July 31, 2017	-	-	-
Exploration and evaluation assets of subsidiary	-	5,775,558	5,775,558
Costs incurred during the period	-	\$ 165,369.00	165,369
Transfers to Property and Equipment	-	(5,940,927)	(5,940,927)
Balance, July 31 and October 31, 2018	\$ -	\$ -	\$ -

During the period ended October 31, 2018, the Company has directly expensed exploration and evaluation costs in the amount of \$ nil (2017- \$ nil).

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7. Flow Through Liability

A flow through share premium liability is recognized on the issuance of flow through shares (Note 9). The premium liability is derecognized through deferred income taxes when qualifying expenditures are renounced to the investor and incurred by the Company.

In December 2017, Bird River issued 8,067,000 Flow Through shares ("FTS") at the price of \$0.13 per FTS for gross proceeds of \$1,048,710 (Note 11). The FTS issued under the Private Placement were issued at an aggregate premium of \$104,871 (\$0.013 per FTS) to recognize the benefit of the tax deductions transferred to subscribers. Until the eligible expenditures are incurred by the Company, the premium resides as an 'other liability'. The eligible expenditures must be incurred by the deadline of December 31, 2018. As at October 31, 2018, \$270,726 of these costs remained to be incurred. Accordingly, \$36,824 remains as flow through liability.

In November and December of 2017, High Point completed a private placement, issuing 325,033 common shares on a flow-through basis ("FTS") for total gross proceeds of \$612,550 (\$1.885 average per FTS). The FTS issued under these Private Placement were issued at deemed premium of \$66,755 (\$0.21 per FTS) to recognize the benefit of the tax deductions transferred to subscribers. These transactions occurred prior to High Point becoming a subsidiary of the Company and are treated at the legal entity level for tax purposes but are combined here for consolidation purposes. Until the eligible expenditures are incurred by the Company, the premium resides as a liability. The eligible expenditures must be incurred by the deadline of December 31, 2018. As at July 31, 2018, all of these costs had been incurred. Accordingly, none of this amount remains as other liability.

8. Decommissioning obligations

The Company's decommissioning obligations result from its ownership interest in petroleum and natural gas properties. The total provision for decommissioning obligations is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years.

These obligations have been discounted using a pre-tax rate of 2.96% (2017 - 2.96%) reflecting the time value of money and the risks specific to the obligation. These obligations are to be settled based on the economic lives of the underlying assets, which currently extend up to 25 years (2017 - 25 years) into the future and will be funded from general corporate resources at the time of abandonment.

The total estimated undiscounted cash flows required to settle the obligations related to the Manitoba cash-generating unit (or "CGU") before considering salvage value, as at October 31, 2018 is approximately \$19,000 (July 31, 2018 - \$19,000).

The total estimated undiscounted cash flows required to settle the obligations related to the Central Alberta CGU before considering salvage value, as at October 31, 2018 is approximately \$459,500 (July 31, 2018 - \$459,500). The Central Alberta additions all occurred in July of 2018 and accordingly no accretion had been recorded prior to the quarter ended October 31, 2018.

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The Company's decommissioning obligations as at October 31, 2018 and July 31, 2018 were as follows:

	October 31, 2018	July 31, 2018
Manitoba cash-generating unit:		
Balance, beginning of the period/year	\$ 9,949	\$ 9,663
Accretion	74	286
Balance, end of the period	10,023	9,949
Alberta cash-generating unit:		
Balance, beginning of period/year	397,802	-
Provisions incurred	-	397,802
Accretion	2,944	-
Balance, end of year	400,746	397,802
Consolidated total, end of year	\$ 410,769	\$ 407,751

9. Share capital

(a) Authorized

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

(b) Changes in issued common shares are summarized below:

		Number of Common Shares	Amount
July 31, 2016	Balances	10,570,725	\$ 1,012,247
	Changes during the year	-	-
July 31, 2017	Balances	10,570,725	1,012,247
	Shares issued for debt extinguishment (i)	2,308,709	138,523
	Private placement (ii)	32,587,000	2,746,207
	Private placement (iii)	12,635,000	702,339
	Shares issued on acquisition of High Point Oil Inc. (iv)	57,900,900	5,790,090
	Warrant exchange		(49,247)
	Premium on flow-through shares		(66,755)
July 31, 2018 and October 31, 2018	Balances	116,002,334	\$ 10,273,404

- (i) During the year ended July 31, 2018, the Company issued 2,308,709 non flow through common shares at a value of \$0.06 per share for the extinguishment of debt in the amount of \$209,052 resulting in debt forgiveness in the amount of \$70,529.
- (ii) On December 22, 2017, the Company closed the first tranche of a private placement issuing 5,457,000 flow through common shares at a purchase price of \$0.13 per flow through common share and 27,130,000 units at a purchase price of \$0.10 per unit for total cash proceeds of \$3,422,410. Each unit consists of one non flow through common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional non flow through common share of the company at an exercise price of \$0.20 per warrant expiring on December 22, 2019. The fair value of the warrants issued as part of this private placement were valued using the Black Scholes pricing model resulting in a value of \$491,053 which is disclosed as a separate

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component of shareholders' equity. In addition, the Company issued 3,154,950 Broker warrants valued using the Black Scholes pricing model resulting in a value of \$114,209. Each Broker warrant entitles the holder to acquire one additional non flow through common share of the company at an exercise price of \$0.20 per warrant expiring on December 22, 2019. The amount recorded to share capital of \$2,746,207 represents gross proceeds of \$3,422,410 less the value of warrants issued of \$605,262 less flow through premiums of \$70,941.

- (iii) On December 29, 2017, the Company closed the second tranche of a private placement issuing 2,610,000 flow through common shares at a purchase price of \$0.13 per flow through common share and 10,025,000 units at a purchase price of \$0.10 per unit for total cash proceeds of \$1,341,800. Each unit consists of one non flow through common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional non flow through common share of the company at an exercise price of \$0.20 per warrant expiring on December 29, 2019. The fair value of the warrants issued as part of this private placement were valued using the Black Scholes pricing model resulting in a value of \$181,453 which is disclosed as a separate component of shareholders' equity (Note 12(c)). In addition, the Company incurred share issue costs in the amount of \$397,796 and issued 726,030 Broker warrants valued using the Black Scholes option pricing model resulting in a value of \$26,282. Each Broker warrant entitles the holder to acquire one additional non flow through common share of the company at an exercise price of \$0.20 per warrant expiring on December 29, 2019. The amount recorded to share capital of \$702,339 represents gross proceeds of \$1,341,800 less cash share issue costs of \$397,796 less the value of warrants issued of \$207,735 less flow through premiums of \$33,930.
- (iv) On February 9, 2018, the company issued 55,172,124 non flow through common shares at a deemed value of \$0.10 per share for a total value of \$5,517,212 for the acquisition of High Point and an additional 2,728,776 non flow through common shares as a deemed value of \$0.10 per share for a total value of \$272,878 for finders' fees related to the acquisition of High Point (Note 17).

(c) Income (loss) per share

The calculation of basic and diluted income (loss) per share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the periods:

	3 months ended	
	October 31 2018	October 31 2017
Income for the period	\$ 157,279	\$ 26,398
Income per share - basic	\$ 0.001	\$ 0.002
Income per share - fully diluted	0.001	0.002
Weighted average number of common shares - basic	116,002,334	11,373,254
Weighted average number of common shares - fully diluted	142,919,294	11,573,254

Basic and fully diluted income per share is the same because all outstanding warrants and shares were anti-dilutive in the relevant period. The calculation of fully-diluted income (loss) per share assumes all outstanding stock options were exercised and the underlying shares were issued and outstanding during the entire periods.

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10. Share-based payments

(a) Outstanding options

The following table summarizes stock options outstanding as at October 31, 2018 and July 31, 2018:

	Number outstanding (#)	Note	Exercise price (\$)	Expiry date
Directors' options	100,000	(i)	0.10	3/14/2019
Director's options	100,000	(ii)	0.10	3/14/2019
Balance, July 31, 2017	200,000			
Director's options	1,300,000	(iii)	0.10	3/14/2019
Balance, July 31, 2018 and October 31, 2018	1,500,000			

- (i) On March 14, 2014, the Company issued 100,000 incentive stock options to a director of the Company. The exercise price is \$0.10 per common share and the options expire on March 14, 2019. These options have a vesting period of 18 months with 1/6 vesting every three months beginning April 1, 2014. These options were fully vested as at July 31, 2016.

The estimated fair value of stock options granted was estimated using the Black Scholes option pricing model on the date of grant with the following assumptions:

Expected stock price volatility	18.64%
Expected option life	5 years
Risk free interest rate	0.89%
Expected dividend yield	-
Stock price at grant	\$0.10
Exercise price	\$0.10

- (ii) On July 7, 2017, the Company issued 100,000 incentive stock options to a director of the Company. The exercise price is \$0.10 per common share and the options expire on March 14, 2019. These options have a vesting period of 18 months with 1/6 vesting every three months beginning August 1, 2017.

The estimated fair value of the stock options vested during the year in the amount of \$813 has been recorded as an expense.

The estimated fair value of stock options granted was estimated using the Black Scholes option pricing model on the date of grant with the following assumptions:

Expected stock price volatility	33.71%
Expected option life	1.67 years
Risk free interest rate	0.68%
Expected dividend yield	-
Stock price at grant	\$0.09
Exercise price	\$0.10

- (iii) On November 27, 2017, the Company issued 1,300,000 incentive stock options to directors and officers of the company. The exercise price is \$0.10 per common share and the options expire on March 14, 2019. These options have a vesting period of 18 months with 1/6 vesting every three months beginning December 1, 2017. The estimated fair value of the stock options vested during the year in the amount of \$8,060 has been recorded

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as an expense.

The estimated fair value of stock options granted was estimated using the Black Scholes option pricing model on the date of grant with the following assumptions:

Expected stock price volatility	50%
Expected warrant life	1.33 years
Risk free interest rate	1.41%
Expected dividend yield	-
Stock price at grant	\$0.08
Exercise price	\$0.10

(b) Changes in stock options

A summary of the changes in stock option activity for the period ended October 31, 2018 and the year ended July 31, 2018 is as follows:

	October 31, 2018		July 31, 2018	
	Weighted average exercise price	Number of Options	Weighted average exercise price	Number of Options
Outstanding, beginning of period/year	\$ 0.10	1,500,000	\$ 0.10	200,000
Granted	0.10	-	0.10	1,300,000
Outstanding, end of period/year	\$ 0.10	1,500,000	\$ 0.10	1,500,000
Exercisable, end of period/year	\$ 0.10	1,050,003	\$ 0.10	816,669

The options outstanding at the end of the period have an exercise price of \$0.10 per share (year ended July 31, 2018 - \$0.10 per share) and had a weighted average remaining contractual life of 0.37 years as at October 31, 2018 (0.62 years as at July 31, 2018).

(c) Effects on profit or loss

The total estimated fair value of options vested and recognized as an expense for the period ended October 31, 2018 was \$2,890 (year ended July 31, 2018 = \$ 8,873).

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11. General and administrative expenses

The general and administrative expenses incurred by the Company for the periods ended October 31, 2018 and 2017 were as follows:

	3 months ended	
	October 31 2018	October 31 2017
Salaries (Note 12)	\$ 98,745	\$ -
Management fees (Note 12)	18,000	7,000
Directors fees (Note 12)	2,500	-
Consulting fees	36,327	-
Office and other expense	6,687	2,184
Insurance and Health and Safety	3,743	-
Professional fees	3,443	23,000
Rent	16,855	-
Software usage fees	7,960	-
Share transfer and filing fees	12,610	2,500
Telecommunications	2,346	564
Travel	185	-
	\$ 209,401	\$ 35,248

12. Related party transactions

In addition to related party balances and transactions separately presented or disclosed, these financial statements include transactions with related parties in the normal course of operations.

Key management includes the directors of the Company and the Executive Officers of both the Company and High Point.

During the period ended October 31, 2018, High Point paid salaries to its Executive Officers in the amount of \$84,000 (2017 - \$Nil). High Point also paid relatives of a director in the amount of \$28,200 (2017-\$Nil) for administrative, IT, geo-technical support and geological services.

During the period ended October 31, 2018, the Company paid contract based remuneration to its Executive Officers (or to companies controlled by them) in the amount of \$18,000 (2017 - \$7,000).

The Company also paid director's fees in the amount of \$2,500 (2017 - \$Nil) during the period ended October 31, 2018.

These amounts are recorded at the exchange amount, which is the amount agreed upon by the related parties and were reflected in the financial statements as follows:

	October 31 2018	October 31 2017
General and administrative (Note 11)	\$ 142,700	\$ 7,000
Accounts payable	7,000	18,000

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13. Financial instruments

(a) Risk management and hedging activities

In the normal course of operations, the Company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not meaningfully participate in the use of financial instruments to control these risks. The Company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

Currency risk

The Company does not hold any assets or liabilities denominated in a foreign currency, therefore is not exposed to currency risk.

Price risk

The Company is exposed to price risk with respect to commodity prices of oil and gas. The Company monitors commodity prices in order to manage their exposure to these risks. An annual average change of 1% in crude oil prices would affect the reported net income by \$6,337 for the period ended October 31, 2018 (2017 - \$44).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company is exposed to credit risk on its financial assets. Cash is held with established Canadian financial institutions and the Company's other receivables are from Canadian government entities, from which management believes the risk of loss to be remote. The Company does not have any derivatives or similar instruments that mitigate the maximum exposure to credit risk.

The carrying amount of financial assets recorded in the consolidated interim financial statements of \$1,180,609 (July 31, 2018 - \$2,489,397) represents the maximum exposure to credit risk at the reporting date.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the Company's liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand. It is management's opinion that it is unlikely that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at October 31, 2018, the Company had working capital in the amount of \$811,600 (July 31, 2018 - \$945,669).

The contractual maturities of financial liabilities based on the earliest date on which payment can be required are as follows:

	Total amount	6 months or less	More than 6 months
	(\$)	(\$)	(\$)
As at October 31, 2018:			
Trade payables	297,067	297,067	-
Other payables	110,645	110,645	-
	<u>407,712</u>	<u>407,712</u>	<u>-</u>
As at July 31, 2018			
Trade payables	1,382,737	1,382,737	-
Accrued liabilities	219,886	219,886	-
	<u>1,602,623</u>	<u>1,602,623</u>	<u>-</u>

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Interest rate risk

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

(b) Sensitivity analysis

The Company had cash and cash equivalents subject to interest rate risk of \$849,907 (July 31, 2018 - \$1,724,778). A 1% change in the primary interest rate would affect the reported net income on an annualized basis by \$8,499 (2018 - \$17,248).

(c) Fair values, carrying amounts and changes in fair value

The fair values of the Company's financial instruments approximate their carrying value due to their short-term nature. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the consolidated interim statement of financial position, have been prioritized into three levels:

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level two includes inputs that are observable other than quoted prices included in level one; and
- Level three includes inputs that are not based on observable market data.

The Company's financial instruments within the fair value hierarchy as at October 31, 2018 and July 31, 2018 were as follows:

	Level 1	Level 2	Level 3
October 31, 2018:			
Cash and cash equivalents	\$ 849,907	\$ -	\$ -
July 31, 2018:			
Cash and cash equivalents	1,724,778	-	-

(d) Collateral

The carrying value of financial assets the Company has pledged as collateral is \$20,000 being a guaranteed investment certificate as security of the Company's corporate credit card (2017 - \$Nil).

14. Capital management

The Company considers its capital structure to consist of share capital, stock options and warrants. When managing capital, the Company's objective is to ensure that the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral and petroleum and natural gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the company's management to sustain future development of the Company's operations. As at October 31, 2018, the Company had managed capital, being total equity on the consolidated interim statement of financial position of \$8,190,690 (July 31, 2018 - \$8,030,521).

A number of the properties in which the Company currently has an interest are in the development stage. As such, the Company is dependent on external financing and operations to fund its activities. In order to carry out the planned

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development and pay for administrative expenses, the Company will spend its existing working capital, its net operating income and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the current or prior period. The Company is not subject to externally imposed capital requirements.

15. Subsequent events

On November 21, 2018, the Company entered into a Farm Out agreement with an industry partner. Under the terms of this agreement, the Company is committed to spud a well on the farm out lands by February 15, 2018 or pay a penalty of \$50,000. Assuming success on the first well, the Company is committed to spud a second well within 90 days of rig release of the first well. Upon drilling and logging these wells the partner farming out its interest may elect to participate in the wells by agreeing to pay 40% of the completion and equipping costs of the wells and will earn a 40% interest in the wells as a result. Assuming the success of both of these wells, the Company will have earned the right to drill on the balance of the farm out lands. There are 11 sections of land (7,040 acres) included within the farmout. This farmout, if successful, will result in the Company having another focus area which will be called Southern Alberta.

Subsequent to the quarter end, the price received within Alberta for all blends of crude oil dropped significantly as a result of lack of pipeline capacity. This caused the government of Alberta to impose production cutbacks on all producers with more than 10,000 barrels of production per day. The Company is not impacted by the production limitations as it does not produce more than 10,000 barrels per day. However, the Company is significantly impacted by the price reductions. The Company received an average of \$70 per barrel of oil sold in the quarter. However, in November the Company only received \$28 per barrel. It is unknown how long the price situation will last or how effective the actions of the Alberta government will be in improving prices received. The low price will slow the Company's development and may result in some planned projects being cancelled or delayed indefinitely.

16. Discontinued operations

Effective January 31, 2018, the Company sold the operations, inventory and related equipment of its environmental (industrial minerals) division. The gain on disposal of the assets is included in the net (loss) income from discontinued operations on the consolidated statements of loss and comprehensive loss. The net (loss) income from discontinued operations for the periods included in these financial statements is as follows:

	3 months ended	
	October 31 2018	October 31 2017
Industrial mineral sales	\$ -	\$ 15,900
Production and operating expense - industrial minerals	-	(8,798)
Depreciation	-	(81)
Income (loss) from discontinued operations	\$ -	\$ 7,021

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17. Acquisition of High Point Oil Inc.

On February 9, 2018, Bird River entered into a share exchange agreement with the owners of High Point Oil Inc. of Calgary, Alberta. Pursuant to the share exchange agreement, Bird River acquired all of the issued and outstanding shares of High Point in exchange for Bird River issuing 55,172,124 non flow through common shares at a deemed value of \$0.10 per non flow through common share. In addition, the Company paid a finders' fee related to this acquisition in the amount of \$272,878 which was settled by the issuance of an additional 2,728,776 non flow through common shares of Bird River at a deemed value of \$0.10 per non flow through common shares. This acquisition is an arm's length transaction and as a result, High Point has become a wholly owned subsidiary of Bird River.

Details of the net assets of High Point as at the date of acquisition are as follows:

	Amount	Note
Consideration		
Common shares (55,172,124 at \$0.10 per share)	\$ 5,517,212	1
Fair value of net assets acquired		
Cash and Cash Equivalents	137,708	2
Accounts receivable	12,514	3
Prepaid expenditures	28,322	4
Exploration and Evaluation assets	5,775,558	5
Less:		
Trade payables	(370,135)	6
Flow-through share premium	(66,755)	7
Net assets acquired	\$ 5,517,212	