



## Bird River Resources Inc.

February 2019

Dear Shareholders:

2018 has been an eventful year for Bird River Resources Inc. (the “Company”) following the 100% acquisition of High Point Oil Inc. (“High Point”) of Calgary, Alberta by way of a share exchange in February 2018. The integration of the two companies is now complete. During the past year, High Point has been active in drilling with a 50:50 joint venture partner for new oil production in Central Alberta. To date, three new wells have been drilled and a fourth well is nearing completion.

The Company’s Manitoba operations have been streamlined by the sale of the environmental products operation this past spring and we continue to explore ways to improve our return from our investment in ten producing oil wells in the south west area of the province. The Company’s revenue this past summer and early fall was most encouraging with Canadian oil prices for light conventional crude averaging CAD\$70 per barrel. However, the increase in global production resulted in a sharp decline in world oil prices this past fall which now is improving. The Canadian market has experienced increased inventories and subsequent decline in Canadian oil prices due to limited pipeline capacity and storage facilities


With over \$40 billion in annual investments, Canada’s oil and gas industry remains the largest investor in the country outpacing other industrial and resource sectors and in 2017 it supported approximately 533,000 direct and indirect jobs primarily in Alberta and Ontario. Surprisingly, Canada’s number one energy competitor has now become the US. Capital spending on oil and gas in Canada was \$45 billion in 2017 versus spending in the US of \$120 billion. The Canadian Association of Petroleum Producers predicts that the industry will continue to face a lower price range, higher volatility and increased competition for markets. The limited access to emerging markets, specifically China and India continue to place downward pressure on Canada’s oil prices. However, world consumption of oil and gas continues to increase despite the rise in green energy generation.

Over the past 12 months, Bird River’s Alberta operation invested \$3.4 million in oil & gas and technology projects. The results achieved led to a reserve study value of proved and probable oil & gas reserves of \$40.7 million based on the July 31, 2018 forward price deck. The all-in finding, development and acquisition estimated costs are \$10.85 per barrel of oil equivalent (or “boe”). In the last quarter of the 2018 financial year, the Company acquired five wells in its central Alberta focus area from another producer, three of which are shut-in and with the other two producing gross revenue of \$89,000 to December 31, 2018. These wells included equipment with a value estimate of \$1 million. The preliminary technology joint ventures did not materialize as expected. The devaluation of crypto currencies made the profit potential of crypto mining uneconomic. Consequently, it was decided to cut our losses and sell the two joint ventures. Management continues to review energy industry related opportunities to drive further growth.

I would like to thank the Company’s Board of Directors and the High Point team for their valuable contributions over the past year. Lastly, on behalf of Management and the Board, I thank the shareholders for their patience and support during this year of rapid change. We look forward to 2019 with confidence.

Sincerely,

**Bird River Resources Inc.**

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Jon Bridgman, CEO

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