BIRD RIVER RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED APRIL 30, 2019

(UNAUDITED – PREPARED BY MANAGEMENT)

<u>Notice to Reader</u>

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 CPA Canada for a review of interim financial statements by an entity's auditor.

BIRD RIVER RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at April 30 2019	As at July 31 2018
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 206,751	$ 1,724,778
Trade receivables	344,895	560,078
Goods and services tax recoverable	27,557	204,541
Prepaid expenses and deposits	59,594	104,726
Total current assets	638,797	2,594,123
Non-current assets:		
Property and equipment (Note 4)	9,332,584	8,296,375
Investment in Joint Arrangements (Note 5)	-	261,229
Total non-current assets	9,332,584	8,557,604
Total assets	$ 9,971,381	$ 11,151,727
Liabilities and Equity		
Liabilities:		
Current liabilities:		
Trade Payables	$ 773,207	$ 1,382,737
Accrued liabilities	23,135	219,886
Flow-through liabilities (Note 7)	-	45,831
Total current liabilities	796,342	1,648,454
Non-current liabilities:		
Decommissioning obligations (Note 8)	446,224	407,752
Deferred income taxes	745,000	1,065,000
Total liabilities	1,987,566	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)	-	10,713
(Deficit)	(3,151,833)	(3,115,840)
Total equity	7,983,815	8,030,521
Total liabilities and equity	$ 9,971,381	$ 11,151,727

Basis of Presentation and going concern assumption (Note 2)
Subsequent events (Note 15)
See accompanying notes to the condensed interim consolidated financial statements

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)

	three months ended April 30 2019	three months ended April 30 2018	nine months ended April 30 2019	nine months ended April 30 2018
Revenue:				
Petroleum and natural gas revenue	$ 204,144	$ 9,382	$ 1,016,337	$ 18,871
	204,144	9,382	1,016,337	18,871
Expenses:				
Depletion	28,045	4,019	157,539	12,058
Gain on settlement of debt	-	-	-	(60,960)
General and administrative (Note 11)	216,057	1,099,258	664,889	1,182,271
Production and operating - petroleum and natural gas	130,562	3,009	348,184	8,244
Royalties - petroleum and natural gas	8,873	-	57,679	-
Share-based payments (Note 10)	2,687	2,890	8,467	5,983
	386,224	1,109,176	1,236,758	1,147,596
Income (loss) from operations	(182,080)	(1,099,794)	(220,421)	(1,128,725)
Other income (expenses):				
Accretion expense	(791)	-	(6,825)	-
Interest income	613	3,855	3,120	3,855
	(178)	3,855	(3,705)	3,855
Net income (loss) before discontinued operations	(182,258)	(1,095,939)	(224,126)	(1,124,870)
Net income (loss) from discontinued operations (Note 16)	-	(8,871)	(196,878)	(5,597)
Net income (loss) before income taxes	(182,258)	(1,104,810)	(421,004)	(1,130,467)
Deferred income tax (expense) recovery net of flow-through premium	(280,000)	-	365,831	-
Net income and comprehensive income for the period	$ (462,258)	$ (1,104,810)	$ (55,173)	$ (1,130,467)
Income (loss) per common share (Note 10)				
Basic	$ (0.004)	$ 0.010	$ (0.000)	$ 0.023
Fully Diluted	(0.004)	0.008	(0.000)	0.015
Weighted average number of common shares outstanding				
Basic	116,002,334	110,146,687	116,002,334	49,547,921
Fully Diluted	141,419,294	138,547,122	141,419,294	77,942,356

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

BIRD RIVER RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

		nine months ended		
		April 30 2019		April 30 2018
Operating activities:				
Net (loss) and comprehensive (loss) for the period	$	(55,173)	$	(1,130,467)
Adjustments for:				
Depletion		157,539		12,058
Share-based payments		8,467		5,983
Deferred income tax expense net of flow through premium		(365,831)		-
Accretion expense		6,825		-
Net income (loss) from discontinued operations		196,878		-
Changes in non-cash working capital items:				
Trade receivables		215,183		(2,860)
Goods and services tax recoverable		176,984		(37,308)
Prepaid expenses and deposits		45,132		(33,864)
Trade payables		(609,530)		212,925
Accrued liabilities		(196,751)		(58,058)
		(420,277)		(1,031,591)
Financing activity:				
Flow through share premium		-		66,755
Common shares issued		-		4,629,508
		-		4,696,263
Investing activity:				
Pproceeds from discontinued Operations (Notes 5, 16)		64,351		18,837
Investment in joint arrangements				(208,729)
Property and equipment		(1,162,101)		-
		(1,097,750)		(189,892)
Change in cash and cash equivalents		(1,518,027)		3,474,780
Cash and cash equivalents, beginning of the period		1,724,778		35,456
Cash and cash equivalents, end of the period	$	206,751	$	3,510,236

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 placememts	(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 loss				(55,173)	(55,173)
Share based payments			8,467		8,467
Expiration of Stock Options			(19,180)	19,180	-
Balance, April 30, 2019	$ 10,273,404	$ 862,244	$ -	$ (3,151,833)	$ 7,983,815

SBPR - Share based payments reserve

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

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 nine month period ended April 30, 2019 (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 June 28, 2019.

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

(Expressed in Canadian dollars)

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

	April 30, 2019	July 31, 2018
Cash	$ 186,751	$ 1,343,976
Restricted Cash	20,000	380,802
Total Cash and Cash Equivalents	$ 206,751	$ 1,724,778

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

Restricted cash at July 31, 2018 represented proceeds from the issuance of flow through shares less eligible amounts incurred in the amount of $360,802 and a guaranteed investment certificate in the amount of $20,000. The Company has made all required qualifying expenditures related to the flow through shares as of December 31, 2018 and accordingly the only remaining restricted cash is the $20,000 guaranteed investment certificate which is security against the corporate credit card.

(Expressed in Canadian dollars)

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		-		1,193,748		1,193,748
As at April 30, 2019	$	-	$	9,621,635	$	9,621,635

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		-		157,539		157,539
As at April 30, 2019	$	-	$	289,051	$	289,051

Carrying value		**Other equipment**		**Development and production assets (D&P)**		**Total**
As at July 31, 2018	$	-	$	8,296,375	$	8,296,375
As at April 30, 2019	$	-	$	9,332,584	$	9,332,584

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 had 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 computers (rigs) at a total capital cost of $141,229. During the second quarter the Company sold its interest in this operation to Divestco for $64,351. Accordingly, the carrying value of this investment at January 31, 2019 was written down to this amount. This amount was received from Divestco in the third quarter as a reduction in liabilities owed to Divestco. See Discontinued operations note 16.

(Expressed in Canadian dollars)

Cogeneration Project

The Company's contribution to the Cogeneration joint venture to date has been $120,000. Which was used to undertake a feasibility and connection study with the transmission Company. As a result of this study it was determined that the project would be required to be about 4 times bigger than originally planned with a total cost in the range of $4.5 million rather than the original estimate of $800,000. Based on this the Company has elected to withdraw from the project and has written the $120,000 off in the current quarter. See Discontinued operations note 16.

Investment in Related Technologies	Crypto Currency Test Project	Cogeneration Project
Carrying value at July 31, 2018	$ 141,229	$ 120,000
Writedown to realisable value	76,878	120,000
Carrying value at January 31, 2019	64,351	-
Sale of Crypto Currency test Project	64,351	-
Carrying value at April 30, 2019	$ -	$ -

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, 2018 and April 30, 2019	$ -	$ -	$ -

During the period ended April 30, 2019, the Company has directly expensed exploration and evaluation costs in the amount of $ nil (2017- $ nil).

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 a ‘flow through liability’. The eligible expenditures must be incurred by the deadline of December 31, 2018. As at December 31, 2018 all of these costs had been incurred. Accordingly, none of this amount remains as a 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 ‘flow through 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 a 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 April 30, 2019 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 April 30, 2019 is approximately $499,500 (July 31, 2018 - $459,500).

(Expressed in Canadian dollars)

The Company's decommissioning obligations as at April 30, 2019 and July 31, 2018 were as follows:

		April 30, 2019		July 31, 2018
Manitoba cash-generating unit:				
Balance, beginning of the period/year	$	9,949	$	9,663
Accretion		222		286
Balance, end of the period		10,171		9,949
Alberta cash-generating unit:				
Balance, beginning of period/year		397,802		-
Provisions incurred		31,648		397,802
Accretion		6,603		-
Balance, end of year		436,053		397,802
Consolidated total, end of period/year	**$**	**446,224**	**$**	**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 April 30, 2019	**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 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.

Basic and fully diluted income per share is the same throughout the 2019 fiscal year 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.

(Expressed in Canadian dollars)

10. Share-based payments

(a) Outstanding options

The following table summarizes stock options outstanding as at April 30, 2019 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	**1,500,000**			
Expiry of all options March 14, 2019	(1,500,000)			
Balance, April 30, 2019	**-**			

(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 as an expense.

(Expressed in Canadian dollars)

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 April 30, 2019 and the year ended July 31, 2018 is as follows:

	April 30, 2019		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
Expired	0.10	1,500,000		-
Outstanding, end of period/year		-	$ 0.10	1,500,000
Exercisable, end of period/year		-	$ 0.10	816,669

The options outstanding at the beginning of the period had an exercise price of $0.10 per share and had a weighted average remaining contractual 0.62 years as at July 31, 2018. All options expired March 14, 2019.

(c) Effects on profit or loss

The total estimated fair value of options vested and recognized as an expense for the period ended April 30, 2019 was $8,467 (year ended July 31, 2018 = $ 8,873).

(Expressed in Canadian dollars)

11. General and administrative expenses

The general and administrative expenses incurred by the Company for the periods ended April 30, 2019 and 2018 were as follows:

	nine months ended	
	April 30 2019	**April 30 2018**
Salaries (Note 12)	$ 291,868	$ 130,311
Management fees (Note 12)	54,000	-
Directors fees (Note 12)	2,500	9,000
Consulting fees	112,145	287,302
Office and other expense	38,550	57,614
Insurance and Health and Safety	12,814	-
Merger and Acquisition fees	-	551,722
Professional fees	22,375	96,090
Rent	74,500	23,147
Software usage fees	30,186	-
Share transfer and filing fees	17,198	16,170
Telecommunications	6,592	3,633
Travel	2,161	7,282
	$ 664,889	$ 1,182,271

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 April 30, 2019, High Point paid salaries to its Executive Officers in the amount of $238,000 (2017 - $77,000). High Point also paid relatives of a director in the amount of $76,175 (2017-$6,685) for administrative, IT, geo-technical support and geological services.

During the period ended April 30, 2019, the Company paid contract based remuneration to its Executive Officers (or to companies controlled by them) in the amount of $54,000 (2017 - $43,000).

The Company also paid director's fees in the amount of $2,500 (2017 - $9,000) during the period ended April 30, 2019.

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:

	April 30 2019	**April 30 2018**
General and administrative (Note 11)	$ 364,300	$ 120,000
Property and Equipment	2,375	-
Accounts payable	18,800	9,500

(Expressed in Canadian dollars)

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 $10,163 for the period ended April 30, 2019 (2018 - $189).

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 $579,203 (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 April 30, 2019, the Company had a working capital deficiency in the amount of $157,545 (July 31, 2018 – $945,669 surplus).

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 April 30, 2019:			
Trade payables	773,207	773,207	-
Other payables	23,135	23,135	-
	796,342	796,342	-
As at July 31, 2018			
Trade payables	1,382,737	1,382,737	-
Accrued liabilities	219,886	219,886	-
	1,602,623	1,602,623	-

(Expressed in Canadian dollars)

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 $206,751 (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 $2,067 (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 April 30, 2019 and July 31, 2018 were as follows:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 206,751	$ -	$ -
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 April 30, 2019, the Company had managed capital, being total equity on the consolidated interim statement of financial position of $7,983,815 (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 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 it if feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

(Expressed in Canadian dollars)

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

The Company received an average of $67 per barrel for oil sold in the third quarter. This was much higher than in November and December when the Company only received $28 and $13 per barrel respectively. The November/December 2018 price drop caused the government of Alberta to impose production cutbacks on all producers with more than 10,000 barrels of production per day. The Company was not impacted by the production limitations as it does not produce more than 10,000 barrels per day. However, the Company was significantly impacted by the price reductions. It appears that the actions of the Alberta government along with a general improvement in price has worked as the second quarter average price recovered to $32.10. With a further recovery in Q3 to the $67 mark. Subsequent to the third quarter end the company received $70.80 per barrel for its May oil production. It is unknown how long the price improvement will last or how effective the actions of the Alberta government will be on a sustained basis in particular in the face of international trade difficulties and uncertainties. The low price received in the second quarter has slowed the Company's development and has resulted 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.

It was determined that the Company would discontinue its interest in its Cogeneration and Crypto currency joint ventures and accordingly, the investment in these joint ventures was written down to the realizable amount (Note 5).

The net (loss) income from discontinued operations for the periods included in these financial statements is as follows:

	three months ended		nine months ended	
	April 30 2019	April 30 2018	April 30 2019	April 30 2018
Industrial mineral sales	$ -	$ 20,122	$ -	$ 24,880
Production and operating expense - industrial minerals	-	(26,535)	-	(27,939)
Depreciation	-	(81)	-	(161)
Bad debt expense'		(3,248)		(3,248)
Gain on disposal of property and equipment		871		871
Write down of Investment in Joint Arrangements (Note 5)	-	-	(196,878)	-
Income (loss) from discontinued operations	$ -	$ (8,871)	$ (196,878)	$ (5,597)

(Expressed in Canadian dollars)

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 was 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	10
Fair value of net assets acquired			
Cash and Cash Equivalents		137,708	
Accounts receivable		12,514	
Prepaid expenditures		28,322	
Exploration and Evaluation assets		5,775,558	6
Less:			
Trade payables		(370,135)	
Flow-through share premium		(66,755)	7
Net assets acquired	$	5,517,212	