Bird River Resources Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JULY 31, 2019 & 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with Bird River Resources Inc.'s ("Bird River" or the "Corporation") audited consolidated financial statements as at and for the years ended July 31, 2019 and 2018 and the notes thereto. The consolidated financial statements for the years ended July 31, 2019 and 2018 include the accounts of the Corporation and its wholly owned subsidiaries 2411181 Manitoba Ltd. and High Point Oil Inc ("High Point" or the "Company"). All significant inter-company transactions and balances have been eliminated on consolidation.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are referenced in Canadian dollars.

The commentary is as of **April 23, 2020**. The reader should be aware that historical results are not necessarily indicative of future performance.

Bird River is a publicly-listed entity incorporated under the laws of Manitoba on March 7, 1958. The address of the Corporation's corporate and registered office is: 5204 Roblin Blvd, Winnipeg, MB R3R 0H1. References to the Corporation throughout this MD&A include Bird River and its wholly-owned subsidiaries.

The Corporation's principal business activities include the acquisition and exploration of resource properties with the primary focus on petroleum and natural gas properties. During the year ended July 31, 2018, the Corporation acquired all of the issued and outstanding shares of High Point Oil Inc. The Corporation's shares are listed on the Canadian Securities Exchange and are traded under the stock symbol "BDR".

FORWARD-LOOKING STATEMENTS

Certain of the statements set forth under "Management's Discussion and Analysis" including statements which may contain words such as "could", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts, are forward-looking and are based upon the Corporation's current belief as to the outcome and timing of such future events. There are numerous risks and uncertainties, certain of which are beyond Bird River's control, including: the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Bird River's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur.

NON-IFRS MEASUREMENTS

The financial data presented in this MD&A has been prepared in accordance with International Financial Reporting Standards except for the term "field netbacks". The term "field netbacks" should not be considered an alternative to, or more meaningful than, "net loss" as determined in accordance with IFRS as an indication of the Corporation's performance.

Field netbacks are useful supplemental measures as they demonstrate the Corporation's ability to generate cash. The Corporation calculates field netbacks as gross revenues less royalties and operating expenses, including transportation expenses. The Corporation's method of calculating these measures may differ from the methods used by other companies and accordingly may not be comparable to measures used by other companies.

ACQUISITION OF HIGH POINT OIL INC.

On February 9, 2018, Bird River Resources Inc. entered into a share exchange agreement with the owners of High Point Oil Inc. 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, Bird River 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:

Consideration	
Common shares (55,172,124 shares at $0.10 per share)	$ 5,517,212
Fair value of nets assets acquired:	
Cash and cash equivalents	137,708
Accounts receivable	12,514
Prepaid expenses and deposits	28,322
Exploration and evaluation assets	5,775,558
Less:	
Trade payables	(370,135)
Flow-through liabilities	(66,755)
Net assets acquired	$ 5,517,212

OUTLOOK

Bird River continues to advance its resource plays in Alberta. During September 2019, High Point entered into an agreement with an industry partner to acquire certain mineral interests and well bores. During November 2019, the High Point recompleted one of the well bores and has successfully brought it on production. During December 2019, the Corporation recompleted a second well bore and has concluded the well was uneconomic.

SELECTED ANNUAL INFORMATION ($)

	Year Ended July 31, 2019	**Year Ended July 31, 2018 (Restated)**	**Year Ended July 31, 2017**
Petroleum and gas sales revenue	1,246,172	34,786	31,215
Net loss	(692,583)	(672,073)	(183,757)
per share (basic and fully diluted)	(0.01)	(0.01)	(0.02)
Non-current liabilities:	596,925	407,752	9,663
Total assets	10,107,069	11,427,588	150,918

QUARTERLY DATA ($)

Period	Gross Revenue (1)	Net Income (Loss)	Basic and Fully Diluted	Total Assets
July 31, 2019	229,835	(637,410)	(0.01)	10,107,069
April 30, 2019	204,144	(462,258)	(0.00)	9,971,381
January 31, 2019	178,406	249,806	0.00	10,625,869
October 31, 2018	633,787	157,279	0.00	10,164,995
July 31, 2018 (restated)	15,915	(672,073)	(0.01)	11,427,588
April 30, 2018	9,382	(1,104,810)	(0.00)	9,479,722
January 31, 2018	5,138	(52,054)	(0.00)	4,353,685
October 31,2017	4,351	(26,398)	(0.00)	124,168

SUMMARY OF RESULTS ($, except Boe/d amounts)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018 (Restated)
Petroleum and gas sales revenue	229,835	15,915	1,246,172	34,786
Royalties	(59,634)	(162)	(117,313)	(162)
Net revenue	170,201	15,753	1,128,859	34,624
Expenses				
Operating costs	(113,566)	(5,937)	(461,750)	(14,181)
General and administrative	(204,204)	310,381	(869,093)	(871,889)
Depletion and depreciation	(80,867)	4,337	(238,406)	(7,721)
Impairment loss on property and equipment	(72,668)	-	(72,668)	-
Impairment loss on investment in joint arrangements	(196,878)	-	(196,878)	-
Share-based payments	-	(2,890)	(8,467)	(8,873)
Other income (expenses)	(16,305)	11,049	(20,010)	76,150
Net income (loss)	(412,510)	458,393	(692,583)	(672,073)
Loss per share – basic and diluted	(0.00)	0.00	(0.01)	(0.01)
Petroleum and natural gas sales (Boe/d) (1)	38	-	61	-
Net cash flow from (used in) operating activities	52,133	796,135	(368,144)	(235,456)
Total assets	10,107,069	11,427,588	10,107,069	11,427,588

(1) *Average sales for the period*

OIL, NATURAL GAS, AND NATURAL GAS LIQUIDS (“NGL’S”) SALES VOLUMES

Sales volumes mcf to boe (6:1 boe conversion)	**Three Months Ended Jul. 31 2019**	**Three Months Ended Jul. 31 2018**	**Year Ended Jul. 31 2019**	**Year Ended Jul. 31 2018**
Natural Gas (mcf/d)	28	-	27	-
NGL’s (bbls/d)	2	-	1	-
Oil (bbls/d)	32	-	56	-
Total boe/d	**38**	**-**	**61**	**-**

For the year ended July 31, 2019, oil, natural gas, and NGL’s production was generated at the Corporation’s operated properties at Huxley, Mikwan, and Weasel in Alberta and its non-operated property at Sinclair in Manitoba.

For the year ended July 31, 2018, oil, natural gas, and NGL’s production is not presented due to the immaterial volumes received.

Overall oil, natural gas, and NGL sales volumes during the year ended July 31, 2019 was 61 boe/d.

Overall oil, natural gas, and NGL sales volumes during the three-month period ended July 31, 2019 was 38 boe/d.

Increased volumes during the year ended July 31, 2019 was as a result of closing the acquisition of various properties in June 2018 which added significant operated wells and production to the Corporation.

GROSS REVENUE ($)

	Three Months Ended Jul. 31 2019	**Three Months Ended Jul. 31 2018**	**Year Ended Jul. 31 2019**	**Year Ended Jul. 31 2018**
Oil	222,379	15,915	1,225,235	34,786
Natural gas	2,690	-	12,744	-
NGL’s	4,766	-	8,193	-
	229,835	**15,915**	**1,246,172**	**34,786**

During the year ended July 31, 2019, gross revenues totaled $1,246,172, representing an increase of 3,482% from gross revenues of $34,786 received during the comparative period last year.

During the three-month period ended July 31, 2018, gross revenues totaled $229,835, representing an increase of 1,344% from gross revenues of $15,915 received during the comparative period last year.

Increased gross revenue during the current year was as a result of closing the acquisition of various properties in June 2018 which added significant operated wells and production to the Corporation.

GROSS REVENUE PRICING ($)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
Oil ($/bbl)	64.31	-	58.50	-
Natural gas ($/mcf)	1.05	-	1.32	-
NGL's ($/bbl)	33.56	-	35.21	-

Prices received for the Corporation's oil during the year ended July 31, 2019 averaged $58.50/bbl (three months ended July 31, 2019 averaged $64.31/bbl).

Prices received for the Corporation's natural gas during the year ended July 31, 2019 averaged $1.32/mcf (three-month period ended July 31, 2019 - $1.05/mcf.

Prices received for the Corporation's NGL's during the year ended July 31, 2019 averaged $35.21/bbl (three-month period ended July 31, 2019 - $33.56/bbl.

ROYALTIES ($, except percent of total revenue)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
Crown	58,573	162	112,065	162
Gross overriding	1,061	-	5,248	-
Total royalties	**59,634**	**162**	**117,313**	**162**
$/boe	$16.98	-	$5.28	-
Percent of total revenue	26%	1%	9%	-

Royalties for the year ended July 31, 2019 averaged $5.28/boe or 9% of gross revenue.

Royalties for the three-month period ended July 31, 2019 averaged $16.98/boe or 26% of gross revenue.

Overall royalties for the year ended July 31, 2019 were higher than during the comparative period last year due to increased average production during the current period.

OPERATING EXPENSES ($)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
Operating expenses	**113,566**	**5,937**	**461,750**	**14,181**
$/boe	$32.34	-	$20.78	-
Percentage of gross revenue	49%	37%	37%	41%

Operating expenses for the year ended July 31, 2019 were $461,750 or $20.78/boe. Operating expenses as a percentage of gross revenue for the year ended July 31, 2019 was 37% as compared to 41% from the comparative period last year.

Operating expenses for the three-month period ended July 31, 2019 were $113,566 or $32.34/boe. Operating expenses as a percentage of gross revenue for the three-month period ended July 31, 2019 was 49% as compared to 37% from the comparative period last year.

Variance in operating costs year-over-year are due, in part, to periodic repairs and maintenance.

FIELD NETBACKS ($) [(1)]

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
Gross revenue	229,835	15,915	1,246,172	34,786
Royalties	(59,634)	(162)	(117,313)	(162)
Operating expenses	(113,566)	(5,937)	(461,750)	(14,181)
Netback	**56,635**	**9,816**	**667,109**	**20,443**
$/boe	**$16.13**	**-**	**$30.03**	**-**

(1) See section titled “NON-IFRS MEASUREMENTS”.

Field netbacks for the year ended July 31, 2019 were $667,109 or $30.03/boe.

Field netbacks for the three-month period ended July 31, 2019 were $56,635 or $16.13/boe.

GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSES ($)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
G&A expenses	204,204	(310,381)	869,093	871,889
$/boe	$58.14	-	$39.12	-

G&A expenses for the year ended July 31, 2019 totalled $869,093 or $39.12/boe.

G&A expenses for the three-month period ended July 31, 2019 totalled $189,669 or $58.14/boe.

While decreased rent, filing, office, and travel fees during the year ended July 31, 2019 assisted in lowering G&A, increased salaries, consulting fees, and reserve report fees contributed to G&A expenses compared to the same period last year.

The following table breaks down G&A expenses by category ($):

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
Salaries, Consulting, and Director's fees	46,995	73,597	546,454	500,210
Audit and legal	86,367	(46,704)	97,961	49,386
Rent and parking	5,911	68,724	82,549	91,871
Computer services & software	9,880	35,741	40,066	39,374
Reserve report	-	-	37,925	-
Transfer Agent & filing fees	74,351	88,703	31,943	104,873
Office supplies and services	4,639	(25,949)	22,253	31,665
Insurance and safety	1,480	28,762	17,283	28,762
Travel, meals and entertainment	759	17,683	10,253	24,965
Other	(26,177)	(550,938)	(17,594)	783
	204,205	**(310,381)**	**869,093**	**871,889**

EXPLORATION AND EVALUATION EXPENSES

During the year ended July 31, 2019 and 2018, the Corporation did not record any exploration and evaluation expenses.

OTHER INCOME AND EXPENSES ($)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
Finance income – interest income	64	2,052	3,184	5,907
Finance expense	(16,369)	(286)	(23,194)	(286)
Debt forgiveness	-	9,283	-	70,529
	(16,305)	**11,049**	**(20,010)**	**76,150**

DEPLETION, DEPRECIATION, DISPOSALS, AND IMPAIRMENT ($)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018
Depletion & depreciation	80,867	(4,337)	238,406	7,721
Disposals	-	-	-	(62,356)
Impairment	72,668	-	72,668	-
Depletion ($/boe)	**$23.03**	**-**	**$10.73**	**-**

Using the unit-of-production method based on total estimated proved plus probable reserves, depletion for the year ended July 31, 2019 was $238,406, representing a significant increase over the comparative period last year of $7,721. Higher depletion during the current year was as a result of closing the acquisition of various properties in June 2018 which added significant operated wells and production to the Corporation.

EXPLORATION AND EVALUATION ASSETS

The Corporation has capitalized the following amounts related to petroleum and natural gas properties:

	Alberta
	$
Balance, July 31, 2017	-
Exploration and evaluation assets of High Point	5,775,558
Costs incurred	165,369
Transfers to property and equipment (i)	(5,940,927)
Balance, July 31, 2019 and 2018	-

During the year ended July 31, 2018, the technical and commercial viability of extracting resources was demonstrated for all Alberta oil wells. As a result, the Corporation transferred the costs associated with these oil wells to property and equipment. The Corporation assessed the recoverability of its investment based on an externally prepared reserve and economic evaluation report resulting in no impairment. Therefore, the full amount of the carrying value of exploration and evaluation assets related to the Alberta oil wells have been transferred to property and equipment. Commercial production of the oil wells commenced in August 2018.

PROPERTY AND EQUIPMENT

The Corporation has two CGUs: Alberta and Manitoba. As at July 31, 2019 and 2018, the Corporation determined that indicators of impairment existed for its Alberta CGU. Accordingly, an impairment test was performed. The recoverable amount of each cash generating unit was estimated based on the higher of the value in use ("VIU") and the fair value less costs to sell. The estimated fair value less cost to disposal ("FVLCD") was used and was determined using estimated future cash flows based on estimated reserves, discounted at 15% (2018 - 10%), with prices as noted below. For Manitoba CGU, management determined that the resources were not commercially viable; therefore, the entire CGU was impaired as at July 31, 2019.

DECOMMISSIONING EXPENSES

During the year ended July 31, 2019, the Corporation recorded a provision of decommissioning liabilities of $Nil (July 31, 2018 - $397,803), recorded accretion of $8,829 (July 31, 2018 - $286), and change in estimates of $180,344 (July 31, 2018 - $Nil).

INVESTMENTS IN JOINT ARRANGEMENTS

The Corporation's petroleum and natural gas activities and other investments involved joint operations. The consolidated financial statements include the Corporation's share of the jointly controlled assets and their share of the relevant revenue and expenses. The Corporation participated in the following joint operations:

(a) The Corporation participates in a joint operation with Antler River Resources Ltd. and other parties relating to nine oil wells in southwestern Manitoba. The Corporation has rights to the assets and obligations for the liabilities relating to this joint operation, therefore has recognized its share of the assets, liabilities, revenues and expenses. Pursuant to the arrangement, expenditures are limited to costs of surface access, building location, drilling, completing, equipping and operating or abandoning the oil wells. The related expenditures are deferred in the accounts of the Corporation until the technical and commercial viability of extracting resources has been demonstrated. The Corporation has earned an interest equal to 80% of their contribution to the costs of surface access, building location, drilling, completing, equipping and operating or abandoning the oil wells, which represents approximately a 4% interest in the joint operation. The technical and commercial viability of extracting resources of these oil wells have been demonstrated in prior years and as a result the amounts have been transferred to petroleum and natural gas properties in property and equipment and are being depleted accordingly. During the year ended July 31, 2019, management determined that the resources were not commercially viable; therefore, the entire oil wells in Manitoba were impaired as at July 31, 2019.

(b) The Corporation participates in a joint operation with DEL Canada GP Ltd. relating to oil wells in Alberta with the Corporation being the operator. The Corporation holds a 50% interest in the joint operation.

(c) During the year ended July 31, 2018, the Corporation entered into two memorandums of understanding with an industry partner which set out the structure of the relationship and commitment of the parties prior to the formalization of the joint arrangement. One was to create and operate a cryptocurrency joint mining operation and the second was to enter into a formal joint operation to create and operate a natural gas cogeneration facility to provide electricity to the industry partner.

The Corporation invested the following amounts pursuant to the memorandum of understanding:

	2019	2018
Cryptocurrency joint venture (1)	$ -	$ 141,229
Cogeneration joint venture (2)	-	120,000
	$ -	$ 261,229

(1) The Corporation's total contribution to the proof of concept phase of this joint operation included the purchase of dedicated computers at a total capital cost of $141,229. During the year ended July 31, 2019, the Corporation sold its interest in this operation to the industry partner for $64,351. Accordingly, the carrying value of this investment at July 31, 2019 was written down to zero with a corresponding loss on investment of $76,878 recorded on the consolidated statements of loss.

(2) The Corporation’s contribution to the cogeneration joint venture was $120,000, which was used to undertake a feasibility and connection study with an industry partner. As a result of this study, management determined that the capital requirements of this project would be significantly higher that originally estimated. Based on this, the Corporation elected to withdraw from the project and has written the $120,000 off during the year ended July 31, 2019.

As at July 31, 2019, total impairment loss on investment in joint arrangements was $196,878 (July 31, 2018 - $nil).

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:

During the year ended July 31, 2019, no shares were issued. Total number of shares issued and outstanding as at July 31, 2019 is 116,002,334 (2018 - 116,002,334).

During the year ended July 31, 2018, the Corporation 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.

On December 22, 2017, the Corporation 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 Corporation 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 Corporation 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 Corporation 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.

On December 29, 2017, the Corporation 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 Corporation 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. In addition, the Corporation 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 Corporation 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.

On February 9, 2018, the Corporation 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 Oil Inc. 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 Oil Inc.

(c) Options

The Corporation has implemented a share option plan to allow the Corporation to grant options to directors, officers, employees and service providers. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the Corporation. The maximum number of common shares which may be set aside for issue under the plan is 10% of the issued and outstanding common shares of the Corporation and would fluctuate to such number that would be 10% of the issued and outstanding common shares at any particular time at a price determined by the Board, provided that the Board has the right, from time to time, to increase such number subject to the approval of the shareholders of the Corporation. The maximum number of common shares which may be reserved for issuance to any one eligible participant is 5% of the common shares outstanding at the time of grant (calculated on a non-diluted basis) less the number of shares reserved for issuance to such person under any option to purchase common shares granted as a compensation or incentive mechanism.

On November 27, 2017 the Corporation issued 1,300,000 incentive share options to directors and officers of the Corporation. The exercise price is $0.10 per common share and the options expired unexercised 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 $16,120 for the 1,300,000 share options granted on November 27, 2017 was estimated using the Black-Scholes option pricing model on the date of grant with the following assumptions:

Volatility	50%
Expected life	1.33 years
Risk free interest rate	1.41%
Dividend yield	0%

The following is a summary of changes to the Corporation's share option plan:

	July 31, 2019		July 31, 2018	
	Number	**Weighted Average Exercise Price**	**Number**	**Weighted Average Exercise Price**
Outstanding, beginning of year	1,500,000	$0.10	200,000	$0.10
Granted	-	-	1,300,000	$0.10
Expired	(1,500,000)	($0.10)	-	-
Outstanding, end of year	-	-	1,500,000	$0.10
Exercisable, end of year	-	-	816,667	$0.10

For the year ended July 31, 2019, share-based compensation in the amount of $8,467 (2018 - $8,873) was recognized in the Corporation's consolidated statements of loss and comprehensive loss.

(d) Warrants

	Number of Warrants	**Weighted Average Exercise Price**
Balance, July 31, 2017	-	$ -
Warrants granted	25,416,960	0.20
Balance, July 31, 2018	25,416,960	0.20
Warrants expired	(1,930,880)	0.04
Balance, July 31, 2019	**23,486,080**	**$ 0.19**

As at July 31, 2019, the warrants outstanding and exercisable were as follows:

Expiry date	Exercise price	Number of warrants at July 31, 2019
November 10, 2019	$ 0.0714	467,600
December 15, 2019	$ 0.0714	560,000
December 22, 2019	$ 0.20	16,719,950
December 28, 2019	$ 0.20	5,012,500
December 29, 2019	$ 0.20	726,030
		23,486,080

Subsequent to the year end, the outstanding warrants were expired without exercise. The fair value of warrants was estimated using the Black-Scholes pricing model on the date of grant with the following assumptions:

Volatility	70% to 100%
Expected life	2 years
Risk free interest rate	0.56% to 1.66%
Dividend yield	0%

NET LOSS & CASH USED IN OPERATING ACTIVITIES ($)

	Three Months Ended Jul. 31 2019	Three Months Ended Jul. 31 2018	Year Ended Jul. 31 2019	Year Ended Jul. 31 2018 (Restated)
Net income (loss)	(412,510)	458,393	(692,583)	(672,073)
Per share – basic and diluted	(0.00)	0.01	(0.01)	(0.01)
Net cash flow from (used in) operating activities	52,133	796,135	(368,144)	(235,456)

During the year ended July 31, 2019, the Corporation recorded a net loss of $692,583 (July 31, 2018 - $672,073). On a per share basis, this loss equates to $0.01 per share (July 31, 2018 - $0.01 per share).

During the three-month period ended July 31, 2019, the Corporation recorded a net loss of $412,510, (July 31, 2018 – net income of $458,393). On a per share basis, this loss equates to ($0.00) per share (July 31, 2018 - $0.01 per share).

SUPPLEMENT TO THE FINANCIAL STATEMENTS

The outstanding common shares, warrants, and stock options are summarized below (also see note 11 to the audited consolidated financial statements for the years ended July 31, 2019 and 2018):

	April 23, 2020	July 31, 2019	July 31, 2018
Common shares	116,002,334	116,002,334	116,002,334
Warrants	-	23,486,080	25,416,960
Stock options	-	-	1,500,000

RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

As at July 31, 2019, comparative amounts have been restated as follows:

(i) Deferred income taxes expenses for the year ended July 31, 2018 and deferred income taxes liabilities as at that date have been decreased by $1,065,000 to correct for an error in calculation of deferred income taxes in relation to the acquisition of High Point Oil Inc.;

(ii) Acquisition cost have been decreased by $275,861 and property and equipment has been increased by the same amount to correct an error in connection to the acquisition of High Point Oil Inc.

The total impact of these adjustments was that total asset increased by $275,861, total liabilities decreased by $1,065,000, accumulated deficit reduced by $1,340,861 and net loss was reduced by $1,340,861.

Also refer to note 4 to the audited consolidated financial statements for the years ended July 31, 2019 and 2018.

CONTINGENCY

During the year ended July 31, 2019, the Corporation’s wholly-owned subsidiary, High Point, was served with a Statement of Claim issued by the Court of Queen’s Bench of Alberta that named High Point as the defendant. The Statement of Claim sought full payment to the invoice issued by the former drilling contractor for a total of $296,157. The Corporation's accounts payable and accrued liabilities as at July 31, 2019 has included payable balance of $296,157.

Subsequent to July 31, 2019, the Company entered into a settlement agreement with the former drilling contractor whereby both parties agreed to resolve the dispute regarding the payment of the invoice. The settlement agreement provides the Company's payment of the invoice for a total of $296,157 and legal costs for a total of $42,452. No other provision has been recorded in the consolidated financial statements.

As at July 31, 2019, the Corporation recorded $296,157 and $42,452 in accounts payable and accrued liabilities.

DISCONTINUED OPERATIONS

Effective January 31, 2018, the Corporation 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 current and prior year is comprised of the following:

	2018
	$
Revenue from the sale of industrial minerals	24,880
Expenses:	
Bad debt expense	3,248
Depreciation	161
(Gain) on disposal of property and equipment	(871)
Production and operating expenses	28,320
	30,858
Net loss from discontinued operations	(5,978)

MATERIAL TRANSACTIONS

On September 20, 2019, High Point entered into a letter agreement (the "Letter Agreement") with an industry partner regarding the proposed recompletion of three potential development prospects near High Point's area of activity. On October 28, 2019, High Point completed the acquisition, which included mineral interests and well bores. During November 2019, High Point successfully recompleted one of the well bores it had acquired, and the well is currently producing.

During December 2019, High Point received a legal letter from its industry partner respecting the Letter Agreement dated September 20, 2019 and the default by the industry partner regarding default on funds payable to High Point. The Corporation is currently reviewing its options in resolving the matter.

During December 2019, the former CEO and CFO of High Point have expressed formal grievances concerning their former employment. On January 7, 2020, the High Point received legal letters from the former CEO and CFO. The Corporation is currently reviewing its options in resolving the matter. No provision or liability has been recorded since the outcome cannot be estimated as at the audit report date.

On February 7, 2020, High Point was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named High Point as the defendant. The Statement of Claim sought a transfer of certain High Point assets and payment of all revenues from the Assets to a private company controlled by various former High Point management (the "plaintiff"). During March 2020, the Corporation's legal counsel filed in the Court of Queen's Bench of Alberta, a Statement of Defence and a Counterclaim against the plaintiff. The likelihood of the outcome of this claim cannot be estimated as at the audit report date.

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and oil prices have experienced significant volatility and weakness. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended July 31, 2019, the Corporation incurred a net loss of $692,583 (July 31, 2018 - $672,073) and had net funds used in operating activities of $201,984 (July 31, 2018 – $235,456).

As at July 31, 2019, the Corporation had a working capital deficit of $363,872, which included cash of $202,731 (July 31, 2018 – working capital surplus of $920,669, which included cash of $1,724,778) and an accumulated deficit of $2,467,562 (July 31, 2018 - $1,774,979).

During the years ended July 31, 2019 and 2018, the Corporation financed its capital expenditure program from a combination of cash flow and from the proceeds of its private placements.

The Corporation anticipates it will fund its current year's capital expenditures through a combination of cash on hand and revenue received from operations.

RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Key management personnel include the directors and executive officers of the Corporation.

During the year ended July 31, 2019, the Corporation paid salaries to its executive officers in the amount of $366,449 (2018 - $246,000) which is included in total salaries in general and administrative expenses.

		July 31, 2019	July 31, 2018
Management fee to CEO	**$**	**30,000**	19,000
Management fee to CFO		**23,400**	22,000
Compensation to former CEO		**154,774**	82,500
Compensation to former CFO		**134,775**	71,500
Management fee to a director		**18,000**	38,500
Consulting fee to a director		**2,500**	-
Director fee		**3,000**	12,500
	$	**366,449**	246,000

(b) Other related party transactions

During the year ended July 31, 2019, the Corporation paid rent in the amount of $Nil (2018 - $3,200) to a director and officer of the Corporation. In addition, the Corporation paid relatives of a director of the Corporation for IT administration, geo-technical support and wellsite geology in the amount of $41,000 (2018 - $37,038). The Corporation incurred share-based compensation expense with related parties of $8,060 (2018 - $8,060). All amounts are included in general and administrative expenses with the exception of $Nil (2018 - $18,538) which were capitalized to petroleum and natural gas properties included in property and equipment. These amounts are recorded at the exchange amount, which is the amount agreed upon by the related parties. As at July 31, 2019, included in trade payables and other payables are amounts owing to directors and officers of the Corporation in the amount of $Nil (2018 - $6,000).

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Corporation's financial assets consist of cash and cash equivalent, accounts receivable, and accounts payable and accrued liabilities. The estimated fair values of cash and cash equivalent, accounts receivable, and accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
c. Level 3 – inputs that are not based on observable market data.

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. The Company employs risk management strategies and polices to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's financial instruments that subject it to credit risk relate to cash in Canadian chartered banks, accounts receivable. The Corporation does not use any derivatives or similar instruments to mitigate its exposure to credit risk.

Substantially all of the Corporation's accounts receivable are due from marketers of the Corporation's petroleum and natural gas production, joint interest partners and government agencies, and are subject to normal industry credit risk.

Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables. Management of the Corporation believes the risk is mitigated by the size and reputation of the companies to which they extend credit.

Accounts receivable due from joint interest partners are typically collected within one to three months of the joint interest bill being issued to the partners.

The Corporation attempts to mitigate the risk from joint interest receivables by obtaining partner approval of significant capital expenditures prior to expenditure and, in certain circumstances, may elect to cash call a joint interest partner in advance of the work. However, the receivables are from participants in the oil and natural gas sector and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalation costs and the risk of unsuccessful drilling. The Corporation does not typically obtain collateral from oil and natural gas marketers or joint interest partners, however, the Corporation does have the ability to withhold production from joint interest partners in the event of non-payment.

Receivables from petroleum and natural gas marketers are generally collected on the 25th day of the month following production and sale. Management of the Corporation believes the risk is mitigated by the size and reputation of the companies to which they extend credit. The Corporation has not experienced any collection issues with its marketers.

As at July 31, 2019 and 2018, the Corporation’s accounts receivable was comprised of the following:

		2019		2018
Joint interest partners	$	109,357	$	553,123
Petroleum and natural gas marketers		107,606		6,955
Goods and services tax receivable		21,700		204,541
	$	238,663	$	764,619

Aging analysis of receivables are as follows:

		2019		2018
Current	$	105,553	$	652,764
31 – 60 days		1,746		73,146
61 – 90 days		(71)		38,709
Greater than 90 days		131,435		-
	$	238,663	$	764,619

No expected credit loss is recorded given the majority of the balance under greater than 90 days aging category is collected in a form of withhold production from the joint interest partner.

At July 31, 2019, the Corporation and its subsidiaries’ cash is held at three financial institutions, which are Canadian Chartered Banks, as well as a trust account. Management believes that the risk of loss is minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation’s approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow, as well as through future equity and debt financings. The Corporation’s accounts payable and accrued liabilities as at July 31, 2019 and 2018 are due within 30 to 60 days.

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Corporation’s profit or loss or the value of financial instruments. These risks are largely outside the control of the Corporation. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns. Market risks are as follows:

Commodity price risk

Commodity price risk is the risk that the fair value of the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted not only by the relationship between the Canadian dollar and United States dollar, but also world economic events that dictate the levels of supply and demand. As at and during the year ended July 31, 2019 and 2018, the Corporation had no contracts in place to reduce its exposure to commodity price risk. An annual average change of 1% in crude oil prices would affect the Corporation’s report net income by $12,462 (2018 - $348).

Foreign currency risk

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

Interest rate risk

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

(d) Capital management

The Corporation considers its capital structure to consist of share capital, share options and warrants. When managing capital, the Corporation's objective is to ensure the Corporation continues as a going concern as well as to maintain optimal returns to shareholders and benefits for its other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of industrial minerals and petroleum and natural gas properties. The Corporation monitors its working capital and expected capital spending and issues share capital to manage its development plans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the Corporation's operations. As at July 31, 2019, the Corporation had managed capital, being total equity on the consolidated statement of financial position of $8,687,266 (2018 - $9,371,382).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. There were no changes in the Corporation's approach to capital management during the current or prior year. The Corporation is not subject to externally imposed capital requirements.

CHANGES TO ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

Changes to accounting policies

(i) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The following table presents the initial IAS 39 classification and the new IFRS 9 classification for all financial instruments held by the Corporation as at August 1, 2018.

	Original under IAS 39		New under IFRS 9	
Financial assets and liabilities	Classification	Carrying Amount $	Classification	Carrying Amount $
Cash and cash equivalents	FVTPL	1,724,778	Amortized cost	1,724,778
Accounts receivable	Loans and receivables	764,619	Amortized cost	764,619
Accounts payable and accrued liabilities	Other financial liabilities	1,602,623	Amortized cost	1,602,623

The adoption of this standard did not have material impact to the Corporation's consolidated financial statements. The Corporation's policies and procedures surrounding the identification of credit risk and the recognition of credit losses comply with the requirements of this standard.

(ii) IFRS 15, Revenue from Contracts with Customers

On August 1, 2018, the Corporation adopted IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") using the modified retrospective approach. IFRS 15 replaced International Accounting Standard 11, "Construction Contracts" ("IAS 11"), IAS 18, "Revenue" ("IAS 18"), and several revenue-related interpretations.

IFRS 15 establishes a single revenue recognition framework, five step model that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser.

The Corporation has performed a review of its revenue streams and sales contracts with customers and concluded that the adoption of IFRS 15 does not have an impact on the Corporation's earnings or in the timing of when revenue is recognized. As a result, no adjustments were required in the August 1, 2018 opening statement of financial position. Refer to Note 3(c) for more information including additional disclosures as required under IFRS 15.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Corporation may have been excluded from the list below.

Standard effective for annual periods beginning on or after August 1, 2019:

IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Corporation intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning August 1, 2019. The Corporation does not expect the adoption of this standard to have a significant impact on the Corporation's consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The following discussion sets forth management's significant judgments, estimates and assumptions made in the preparation of these financial statements:

Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Corporation's accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

(i) Identification of cash-generating units

Property and equipment is aggregated into cash-generating-units ("CGUs") based on the ability to generate largely independent cash flows and are used for impairment testing. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures and the way in which management monitors the Corporation's operations.

(ii) Impairment of petroleum and natural gas assets

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of petroleum and natural gas reserves, production rates, future oil and natural gas prices, future costs, discount rates and other relevant assumptions.

(iii) Joint operations

The Corporation is party to various joint interest, operating and other agreements in conjunction with its petroleum and natural gas activities. The revenues and expenses allocated between partners are governed by the terms of these agreements and are subject to interpretation and audit by the appropriate parties.

(iv) Deferred taxes

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit and loss in the period in which the change occurs.

Key sources of estimation uncertainty:

The following are the key estimates and their assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

(i) Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts. During this review, historical experience, age of accounts receivable and the credit worthiness of the account are considered.

(ii) Reserves

The assessment of reported recoverable quantities of proved and probable reserves include estimates regarding production volumes, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It also requires interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Corporation's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning liabilities, and the recognition of deferred tax assets due to changes in expected future cash flows. The Corporation's petroleum and natural gas reserves were determined pursuant to National Instrument 51 -101, *"Standard of Disclosures for Oil and Gas Activities",* at least annually by independent reserve engineers, for the year ended December 31, 2016. During the years ended December 31, 2019, 2018 and 2017, the estimated reserves have been determined by management of the Corporation.

(iii) Decommissioning liabilities

The calculation of decommissioning liabilities and related accretion expense includes management's estimates of current risk-free interest rates, future inflation rates, future restoration and reclamation expenditures and the timing of those expenditures. In most instances, removal of assets occurs many years in the future.

(iv) Share-based payments

The amounts recorded for share-based compensation expense relating to the fair value of share options issued are estimated using the Black-Scholes option pricing model including management's estimates of the future volatility of the Corporation's share value, expected forfeiture rates, expected lives of the share options (based on historical experience and general holder behaviour) and the risk-free interest rate (based on government bonds).

(v) Taxes

The amounts recorded for deferred tax asset are based on management's estimate as to the timing of the reversal of temporary differences and tax rates currently substantively enacted and the likelihood of tax assets being realized. The availability of tax pools and other deductions are subject to audit and interpretation by taxation authorities.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

BASIS OF BARREL OF OIL EQUIVALENT

For the purposes of calculating unit costs, natural gas has been converted to a barrel of oil equivalent (boe) using 6,000 cubic feet ("6 mcf") equal to one barrel (6:1), unless otherwise stated. The boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method and does not represent a value equivalency; therefore, boe may be misleading if used in isolation. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.