Consolidated Financial Statements of

BIRD RIVER RESOURCES INC.

Years ended July 31, 2019 and 2018

(Expressed in Canadian dollars)

Management's Responsibility

To the Shareholders of Bird River Resources Inc. (the "Corporation"):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Corporation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 23, 2020

(signed)	(signed)
"Jon Bridgman"	"Ed Thompson"
CEO	CFO

Independent Auditor's Report

To the Shareholders of Bird River Resources Inc.:

Opinion

We have audited the consolidated financial statements of Bird River Resources Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as at July 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at July 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Corporation incurred a net loss of $692,583 during the year ended July 31, 2019 and, as of that date, the Corporation's current liabilities exceeded its current assets by $363,872. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 4 to the consolidated financial statements, which explains that certain comparative information presented for the year ended July 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

The consolidated financial statements for the year ended July 31, 2018 excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on December 21, 2018.

As part of our audit of the consolidated financial statement for the year ended July 31, 2019, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the consolidated financial statements for the year ended July 31, 2018. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

MNP LLP

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jenny Lee.

MNP LLP

Vancouver, British Columbia
April 23, 2020

Chartered Professional Accountants

BIRD RIVER RESOURCES INC.

Consolidated Statements of Financial Position

As at July 31,

(Expressed in Canadian dollars)

	2019	2018 Restated (Note 4)
Assets		
Current assets:		
Cash and cash equivalents (Note 6)	$ 202,731	$ 1,724,778
Accounts receivable (Note 13)	238,663	764,619
Prepaid expenses and deposits	17,612	79,726
Total current assets	459,006	2,569,123
Non-current assets:		
Deposits	25,000	25,000
Investment in joint arrangements (Note 9)	-	261,229
Property and equipment (Note 7)	9,623,063	8,572,236
Total non-current assets	9,648,063	8,858,465
Total assets	$ 10,107,069	$ 11,427,588
Liabilities and Equity		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	$ 822,878	$ 1,602,623
Flow-through liabilities	-	45,831
Total current liabilities	822,878	1,648,454
Non-current liabilities:		
Decommissioning liabilities (Note 10)	596,925	407,752
Total liabilities	1,419,803	2,056,206
Equity:		
Share capital (Note 11)	10,273,404	10,273,404
Warrants (Note 11d)	862,244	862,244
Contributed surplus	19,180	10,713
Accumulated deficit	(2,467,562)	(1,774,979)
Total equity	8,687,266	9,371,382
Total liabilities and equity	$ 10,107,069	$ 11,427,588

Going concern of operations (Note 1)
Contingency (Note 17)
Subsequent events (Note 18)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors:

(signed) "Jon Bridgman", Director

(signed) "Donal Carroll", Director

BIRD RIVER RESOURCES INC.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended July 31,

(Expressed in Canadian dollars)

	2019	2018 Restated (Note 4)
Revenue from petroleum and natural gas sales	$ 1,246,172	$ 34,786
Royalties	(117,313)	(162)
Net revenue	1,128,859	34,624
Expenses:		
Operating costs	461,750	14,181
General and administrative	869,093	871,889
Depletion and depreciation (Note 7)	238,406	7,721
Impairment loss on property and equipment (Note 7)	72,668	-
Impairment loss on investment in joint arrangements (Note 9)	196,878	-
Share-based payments (Note 11c)	8,467	8,873
	1,847,262	902,664
Loss from operations	(718,403)	(868,040)
Other income (expenses):		
Finance income – interest income	3,184	5,907
Finance expense	(23,194)	(286)
Debt forgiveness (Note 11b)	-	70,529
	(20,010)	76,150
Loss from continuing operations	(738,413)	(791,890)
Net loss from discontinued operations (Note 16)	-	(5,978)
Loss before income taxes	(738,413)	(797,868)
Deferred income tax (expense), net of flow-through premiums	45,830	125,795
Net loss for the year	$ (692,583)	$ (672,073)
Basic and diluted loss per share from continuing operations	$ (0.01)	$ (0.01)
Basic and diluted loss per share from discontinued operations	$ (0.00)	$ (0.00)
Weighted average common shares – basic and diluted	116,002,334	66,470,616

See accompanying notes to consolidated financial statements.

BIRD RIVER RESOURCES INC.

Consolidated Statements of Changes in Equity

Years ended July 31,

(Expressed in Canadian dollars)

	Number of shares	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total equity
Balance, August 1, 2017	10,570,725	$ 1,012,247	$ -	$ 1,840	$ (1,102,906)	$ (88,819)
Shares issued for debt extinguishment	2,308,709	138,523	-	-	-	138,523
Private placements	45,222,000	3,448,546	672,506	-	-	4,121,052
Broker warrants issued	-	-	140,491	-	-	140,491
Shares issued on acquisition of High Point	57,900,900	5,790,090	-	-	-	5,790,090
Warrants issued for acquisition of High Point	-	-	49,247	-	-	49,247
Warrant exchange	-	(49,247)	-	-	-	(49,247)
Premium on flow-through shares	-	(66,755)	-	-	-	(66,755)
Share-based compensation	-	-	-	8,873	-	8,873
Net loss for the year Restated (Note 4)	-	-	-	-	(672,073)	(672,073)
Balance, July 31, 2018 Restated (Note 4)	116,002,334	10,273,404	862,244	10,713	(1,774,979)	9,371,382
Share-based compensation	-	-	-	8,467	-	8,467
Net loss for the year	-	-	-	-	(692,583)	(692,583)
Balance, July 31, 2019	**116,002,334**	**$ 10,273,404**	**$ 862,244**	**$ 19,180**	**$(2,467,562)**	**$8,687,266**

See accompanying notes to consolidated financial statements.

BIRD RIVER RESOURCES INC.

Consolidated Statements of Cash Flows

Years ended July 31,

(Expressed in Canadian dollars)

	2019	2018 Restated (Note 4)
Operating activities:		
Net loss for the year	$ (692,583)	$ (672,073)
Adjustments for:		
Depletion and depreciation	238,406	7,883
Gain on disposal of property and equipment	-	(871)
Impairment loss on property, plant and equipment	72,668	-
Impairment loss on joint venture arrangements	196,878	-
Share-based compensation	8,467	8,873
Net finance expense	20,010	(5,621)
Deferred income tax recovery, net of flow-through premiums	(45,830)	(125,795)
Debt forgiveness	-	(70,529)
Non-cash acquisition fees	-	272,878
	(201,984)	(585,255)
Changes in non-cash working capital:		
Accounts receivable	813,737	(735,870)
Prepaid expenses and deposits	62,114	(76,404)
Inventory	-	17,357
Accounts payable and accrued liabilities	(1,042,011)	1,144,716
	(166,160)	349,799
	(368,144)	(235,456)
Investing activities:		
Proceeds on disposal of property and equipment	-	2,190
Investments in joint arrangements	-	(261,229)
Additions to property and equipment	(1,147,156)	(2,326,212)
Cash acquired on share exchange with High Point Oil Inc.	-	137,708
	(1,147,156)	(2,447,543)
Financing activity:		
Proceeds from issuance of common shares, net of share issue costs	-	4,366,414
Interest income	3,184	5,907
Part XII.6 tax	(9,931)	-
	(6,747)	4,372,321
Change in cash and cash equivalents	(1,522,047)	1,689,322
Cash and cash equivalents, beginning of year	1,724,778	35,456
Cash and cash equivalents, end of year	$ 202,731	$ 1,724,778

See accompanying notes to consolidated financial statements.

1. General business description and ability to continue as a going concern

Bird River Resources Inc. (“Bird River” or the "Corporation") 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 these consolidated financial statements include Bird River Resources Inc. and its wholly owned subsidiaries (see Note 3a).

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. (“High Point” or the” Company”) (see Note 5). The Corporation's shares are listed on the Canadian Securities Exchange and are traded under the stock symbol “BDR”.

Going concern

These consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the year ended July 31, 2019, the Corporation incurred a net loss of $692,583 (2018 - $672,073) and utilized cash of $368,144 (2018 - $235,456) in operations. The Corporation’s working capital has decreased from a surplus $920,669 as at July 31, 2018 to a deficiency of $363,872 as at July 31, 2019 mainly due to capital expenditures on property, plant and equipment to commence commercial operational, operating costs, general and administrative expenses and other costs. The commercial production of the oil wells commenced during the year ended July 31, 2019; therefore, management is hopeful that the Corporation will be able to attain profitable operations in the near future. However, the continued operations of the Corporation are dependent on its ability to generate future positive operating cash flows and obtain additional financing. Management is of the opinion that sufficient working capital can be obtained from external financing to settle the Corporation’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Corporation.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Corporation’s ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

2. Basis of presentation, significant accounting judgments and estimates

(a) Statement of compliance

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 23, 2020.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies.

2. Basis of presentation, significant accounting judgments and estimates (continued)

(c) Functional and presentation currency

These consolidated financial statements have been presented in Canadian dollars, which is the Corporation's functional currency. The functional currency of the subsidiaries is also Canadian dollars.

(d) Significant accounting judgments, estimates and assumptions

The timely preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, as at the reporting date and the reported amounts of revenues and expenses during the year. Accordingly, actual results may differ from these estimates. Estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discussion sets forth management's significant judgments, estimates and assumptions made in the preparation of these consolidated 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' accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

(i) Going concern

Management has applied judgements in the assessment of the Corporation's ability to continue as a going concern when preparing its consolidated financial statements for the year ended July 31, 2019. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

(ii) 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' operations.

(iii) Impairment of petroleum and natural gas assets

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. The recoverable amount of CGUs and individual assets is determined based on the higher of fair value less costs to sell or value-in-use calculations. The key estimates the Corporation applies in determining the recoverable amount normally include estimated future commodity prices, expected production volumes, future operating and development costs, discount rates, tax rates, and refining margins. In determining the recoverable amount, management may also be required to make judgments regarding the likelihood of occurrence of a future event. Changes to these estimates and judgments will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

2. Basis of presentation, significant accounting judgments and estimates (continued)

(d) Significant accounting judgments, estimates and assumptions (continued)

(iv) 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.

(v) 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) Expected credit loss

The Corporation makes estimates for expected credit loss in respect of accounts receivables based on IFRS 9 – Financial Instruments. The expected credit loss is estimated based on management's assessment of the credit history with the customers, current relationships with them and also taking into consideration of forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

(ii) Reserves and depletion

Depletion and depreciation as well as the amounts used in impairment calculations are based on estimates of oil and natural gas reserves. The determination of future cashflow forecast and 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 are determined pursuant to National Instrument 51 -101, "Standard of Disclosures for Oil and Gas Activities", at least annually by independent reserve engineers.

(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.

2. Basis of presentation, significant accounting judgments and estimates (continued)

(d) Significant accounting judgments, estimates and assumptions (continued)

(iv) Share-based compensation

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.

3. Significant accounting policies

The significant accounting policies below have been applied consistently to all years presented in these consolidated financial statements.

(a) Basis of consolidation

These 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. All significant inter-company transactions and balances have been eliminated on consolidation.

(b) Cash and cash equivalents

All cash and short-term investments with original maturities of three months or less are considered cash and cash equivalents, since they are readily convertible to cash. These short-term investments are stated at cost, which approximates fair value.

(c) Revenue

The Corporation principally generates revenue from the sale of commodities, which include crude oil and natural gas. Revenue associated with the sale of commodities is recognized when title to the products passes to the purchasers based on volumes delivered at contracted delivery points and prices and are recorded gross of transportation charges incurred by the Corporation. The costs associated with the delivery, including transportation and production-based royalty expenses, are recognized in the same period in which the related revenue is earned and recorded. The Corporation considers its performance obligations to be satisfied and control to be transferred when all the following conditions are satisfied:

- The Corporation has transferred title and physical possession of the commodity to the buyer;
- The Corporation has transferred significant risks and rewards of ownership of the commodity to the buyer; and,
- The Corporation has the present right to payment.

Revenue is measured based on the consideration specified in a contract with the customer. Payment terms for the Corporation's commodity sales contracts are on the 25th of the month following delivery. The Corporation does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a result, the Corporation does not adjust its revenue transactions for the time value of money. Revenue represents the Corporation's share of commodity sales net of obligations to other mineral interest owners.

3. Significant accounting policies (continued)

(d) Property and equipment

All costs directly associated with the development and production of petroleum and natural gas interests are capitalized as petroleum and natural gas interests and are measured at cost less accumulated depletion and depreciation and net impairment losses. These costs include expenditures for areas where technical feasibility and commercial viability have been determined. These costs include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning liabilities and costs transferred from exploration and evaluation assets.

Costs of replacing parts of property and equipment are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Disposals of property and equipment are measured at fair value unless the transactions lack commercial substance or neither the fair value of the asset received nor the asset given up can be reliably estimated. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Any gains or losses from the disposal of the property and equipment is measured as the difference between the asset's carrying value and the proceeds received on disposition.

Depletion and depreciation

Petroleum and natural gas interests are depleted using the unit-of-production method on an area-by-area basis by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in estimates used in prior periods that affect the unit-of-production calculations, such as proved and probable reserve revisions, do not give rise to prior period adjustments and are dealt with on a prospective basis.

Well and production equipment and facilities are depleted using the unit-of-production method along with the related reserves when the assets have expected lives similar to the reserves of the related wells with little to no residual value.

(d) Decommissioning liabilities

Decommissioning liabilities are recognized for decommissioning and restoration obligations associated with the Corporation's exploration and evaluation assets and property and equipment. The best estimate of the expenditure required to settle the present obligation at the date of the consolidated statements of financial position is recorded on a discounted basis using the pre-tax risk-free interest rate at each reporting date. The future cash flow estimates are adjusted to reflect the risks specific to the liability. The value of the obligation is added to the carrying amount of the associated exploration and evaluation or property and equipment asset and is depleted or depreciated in accordance with the Corporation's policy for the particular asset. The provision is accreted overtime through charges to finance expenses, with actual expenditures charged against the accumulated obligation. Changes in the future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows or the discount rate are recognized as changes in the decommissioning provision and related asset. Actual decommissioning expenditures up to the recorded liability at the time are charged against the provision as the costs are incurred.

3. Significant accounting policies (continued)

(e) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed for indicators of impairment and facts and circumstances that suggest that the carrying amount exceeds the recoverable amount at each reporting date. If indicators of impairment exist, the recoverable amount of the asset is estimated to determine the amount of impairment.

For the purposes of assessing impairment, property and equipment are grouped into CGUs defined as the lowest levels for which there are separately identifiable independent cash inflows.

The recoverable amount of a CGU is the greater of its fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction between knowledgeable and willing parties. Fair value less costs of disposal may be determined using discounted future net cash flows of proved and probable reserves using forecast prices and costs and including future development costs. These cash flows are discounted at an appropriate discount rate which would be applied by a market participant. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued used of the cash-generating unit in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses are recognized in profit or loss in the period in which they are determined.

The fair value less costs of disposal values used to determine the recoverable amounts of property and equipment are classified as Level 3 fair value measurements as they are not based on observable market data. Refer to Note 13 for information on fair value hierarchy classifications.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

(f) Provisions and contingent liabilities

Provisions are recognized by the Corporation when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(g) Taxes

Income taxes are comprised of current and deferred taxes. Income tax expense (recovery) is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss. Current taxes are the expected taxes payable on the taxable income for the year plus any adjustment to taxes payable in respect of previous years.

3. Significant accounting policies (continued)

(g) Taxes (continued)

Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences including carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred taxes are not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(h) Flow-through shares

Under Canadian income tax legislation, a corporation is permitted to issue shares whereby the Corporation agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the Corporation allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. In situations where there is an absence of compelling evidence supporting a comparable value of the underlying shares, the Corporation allocates management's estimate of the prevailing flow-through premium in current market conditions at the time of issuance to the sale of tax benefits. The amount which is allocated to the sale of tax benefits is recorded as a liability and is reversed proportionately and recognized as after-tax income when the tax benefits are renounced. The tax effect of the renunciation is recorded at the time the Corporation makes the renunciation, which may differ from the effective date of renunciation and on renunciation the value of the tax assets renounced is recorded as a deferred tax expense.

(i) Loss per share

Loss per share is calculated by dividing loss by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a net loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

(j) Share-based compensation

Share options granted to directors, officers, employees and consultants of the Corporation are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the option at the grant date using the Black-Scholes option pricing model.

3. Significant accounting policies (continued)

(j) Share-based compensation (continued)

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation cost is expensed over the vesting period with a corresponding increase in contributed surplus. When share options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

The Corporation measures share-based payments to non-employees at the fair value of the goods or services received at the date of receipt of the goods or services. If the fair value of the goods or services cannot be measured reliably, the value of the options is measured using the Black-Scholes option pricing model.

(k) Financial instruments

Financial assets

The Corporation recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest income is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents and accounts receivable.

The Corporation reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

The Corporation recognizes a loss allowance for the expected credit losses associated with its financial assets. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Corporation applies the simplified approach for accounts receivable that do not contain a significant financing component. Using the simplified approach, the Corporation records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

Financial assets are written off when the Corporation has no reasonable expectations of recovering all or any portion thereof.

The Corporation derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

The Corporation recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Corporation measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

3. Significant accounting policies (continued)

(k) Financial instruments (continued)

Financial liabilities (continued)

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Financial liabilities measured at amortized cost are comprised of accounts payable and accrued liabilities.

The Corporation derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The ‘gross carrying amount’ of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Offsetting

Financial assets and financial liabilities are offset, with the net amount presented in the statement of financial position, when, and only when, the Corporation has a current and legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or when arising from a group of similar transactions if the resulting income and expenses are not material.

(l) Equity instruments

The Corporation’s outstanding common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(m) Business combinations

Business combinations are accounted for using the acquisition method where the acquisition of companies and assets meet the definition of a business under IFRS.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(m) Business combinations (continued)

The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Following initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Any deficiency of the purchase price below the fair value of the net assets acquired is recognized in profit or loss.

(n) Joint arrangements

A portion of the Corporation's exploration activities is conducted jointly with others whereby the Corporation enters into agreements that provide for specified percentage interests in petroleum and natural gas properties and exploration and evaluation assets. These joint arrangements are classified as either a joint operation or a joint venture depending on the rights and obligations of the parties to the arrangement. Joint operations are accounted for by recognizing the Corporation's share of any assets, liabilities, revenue and expenses of the joint operation and joint ventures are accounted for using the equity method.

(o) 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.

3. Significant accounting policies (continued)

(o) Changes to accounting policies (continued)

(ii) IFRS 15, Revenue from Contracts with Customers (continued)

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.

(p) 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.

4. Restatement of comparative financial information

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 the Company.;

(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 the Company.

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. As a result, the following adjustments were made to the comparative financial information:

(Expressed in Canadian dollars)

4. Restatement of comparative financial information (continued)

	As at July 31, 2018		
Consolidated statements of financial position	**As previously reported**	**Adjustments**	**Restated**
Assets			
Non-current assets:			
Property and equipment	8,296,375	275,861	8,572,236
Total non-current assets	8,582,604	275,861	8,858,465
Total assets	11,151,727	275,861	11,427,588
Liabilities and Equity			
Liabilities:			
Non-current liabilities:			
Deferred income taxes	1,065,000	(1,065,000)	-
Total liabilities	3,121,206	(1,065,000)	2,056,206
Equity:			
Accumulated deficit	(3,115,840)	1,340,861	(1,774,979)
Total equity	8,030,521	1,340,861	9,371,382
Total liabilities and equity	11,151,727	275,861	11,427,588

	Year ended July 31, 2018		
Consolidated statements of loss and comprehensive loss	**As previously reported**	**Adjustments**	**Restated**
Other income (expenses):			
Acquisition fees	(275,861)	275,861	-
	(199,711)	275,861	76,150
Loss from continuing operations	(1,067,751)	275,861	(791,890)
Loss before income taxes	(1,073,729)	275,861	(797,868)
Deferred income tax (expense), net of flow-through premiums	(939,205)	1,065,000	125,795
Net loss for the year	(2,012,934)	1,340,861	(672,073)
Basic and diluted loss per share	(0.03)		(0.01)
Weighted average number of shares	66,470,676		66,470,676

(Expressed in Canadian dollars)

4. Restatement of comparative financial information (continued)

					Year ended July 31, 2018
Consolidated Statements of Changes in Equity	**Share capital**	**Warrants**	**Contributed surplus**	**Accumulated deficit**	**Total equity**
As previously stated balance, July 31, 2018	**$ 10,273,404**	**$ 862,244**	**$ 10,713**	**$ (3,115,840)**	**$ 8,030,521**
Adjustments				1,340,861	1,340,861
Restated	**$ 10,273,404**	**$ 862,244**	**$ 10,713**	**$ (1,774,979)**	**$ 9,371,382**

	Year ended July 31, 2018		
Consolidated statements of cash flows	**As previously reported**	**Adjustments**	**Restated**
Operating activities:			
Net loss for the year	(2,012,934)	1,340,861	(672,073)
Adjustments for:			
Deferred income tax recovery, net of flow-through premiums	939,205	(1,065,000)	(125,795)
	(511,317)	275,861	(235,456)
Investing activities:			
Additions to property and equipment	(2,050,351)	(275,861)	(2,326,212)
	(2,171,682)	(275,861)	(2,447,543)

5. Acquisition of High Point Oil Inc.

On February 9, 2018, the Corporation entered into a share exchange agreement with the owners of High Point Oil Inc. ("High Point" or the “Company”) of Calgary, Alberta. Pursuant to the share exchange agreement the Corporation acquired all of the issued and outstanding shares of the Company in exchange for the Corporation 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 Corporation 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 the Corporation 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 the Company has become a wholly-owned subsidiary of the Corporation. Details of the net assets of the Company 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

(Expressed in Canadian dollars)

6. Cash and cash equivalents

	July 31, 2019	July 31, 2018
Cash	$ 202,731	$ 1,343,976
Restricted cash	-	380,802
Total cash and cash equivalents	$ 202,731	$ 1,724,778

Cash is deposited at an established Canadian financial institution. Restricted cash represents proceeds from the issuance of flow-through shares in the amount of $nil (2018 - $360,802) and a guaranteed investment certificate in the amount of $nil (2018 - $20,000). In the year ended July 31, 2019, the proceeds from the issuance of flow-through shares was used on qualifying expenditures.

7. Property and equipment

	Equipment	**Vehicles**	**Petroleum and natural gas properties**	**Total**
	$	$	$	$
Cost				
Balance, July 31, 2017	52,333	11,342	204,181	267,856
Additions	-	-	2,558,640	2,558,640
Transfers from exploration and evaluation assets (Note 8)	-	-	5,940,927	5,940,927
Disposals	(52,333)	(11,342)	-	(63,675)
Balance, July 31, 2018	-	-	8,703,748	8,703,748
Additions	-	-	1,185,990	1,185,990
Decommissioning liability - change in estimates	-	-	175,911	175,911
Balance, July 31, 2019	-	-	10,065,649	10,065,649

	Equipment	**Vehicles**	**Petroleum and natural gas properties**	**Total**
	$	$	$	$
Accumulated depletion, depreciation and impairment				
Balance, July 31, 2017	51,115	11,080	123,791	185,986
Depletion and depreciation	122	39	7,721	7,882
Disposals	(51,237)	(11,119)	-	(62,356)
Balance, July 31, 2018	-	-	131,512	131,512
Depletion and depreciation	-	-	238,406	238,406
Impairment loss	-	-	72,668	72,668
Balance, July 31, 2019	-	-	442,586	442,586

(Expressed in Canadian dollars)

7. Property and equipment (continued)

	Equipment	Vehicles	Petroleum and natural gas properties	Total
	$	$	$	$
Carrying value				
July 31, 2018	-	-	8,572,236	8,572,236
July 31, 2019	-	-	9,623,063	9,623,063

Impairment

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.

Alberta cash-generating unit:

Based on the impairment test for both July 31, 2019 and 2018, the FVLCD was determined to be higher than the carrying value of the Corporation’s petroleum and natural gas properties. Accordingly, there was no impairment to record.

The benchmark and Corporation's forecast prices used in the impairment test calculations for the years ended July 31, 2019 and 2018 were primarily based on the following future commodity prices:

	2019	2018
Light Sweet Crude landed in Edmonton	(Cdn$/bbl)	(Cdn$/bbl)
2018	-	$84.18
2019	$72.28	$85.63
2020	$73.58	$88.80
2021	$77.67	$93.24
2022	$81.96	$92.81
2023	$86.47	-
Thereafter, 2% increase for inflation		
Alberta Gas Reference Price	(Cdn$/GJ)	(Cdn$/GJ)
2018	-	$1.73
2019	$1.90	$1.94
2020	$1.86	$2.16
2021	$2.11	$2.27
2022	$2.22	$2.38
2023	$2.33	$2.50
2024	$2.45	$2.62
2025	$2.57	$2.62

Thereafter, 2% increase for inflation

(Expressed in Canadian dollars)

8. 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 the Company (Note 5)	5,775,558
Costs incurred	165,369
Transfers to property and equipment (i)	(5,940,927)
Balance, July 31, 2019 and 2018	-

(i) 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.

9. Investments in joint arrangements

The Corporation's petroleum and natural gas activities and other investments involved joint operations. These 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 in these consolidated financial statements. 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 (see Note 8). During the year ended July 31, 2019, management determined that the resources were not commercially viable; therefore, the entire oil wells in Manitoba was 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.

(Expressed in Canadian dollars)

9. Investments in joint arrangements (continued)

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

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

(i) 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 and comprehensive loss.

(ii) 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 (2018 - $nil).

10. Decommissioning liabilities

The Corporation’s decommissioning liabilities result from its ownership interest in petroleum and natural gas assets including well sites and gathering systems. The total decommissioning liabilities are estimated based on the Corporation’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. The total estimated, inflated undiscounted cash flows required to settle the provision is $655,607 at July 31, 2019 (2018 - $478,000), which have been discounted using pre-tax rate of 1.46% to 1.70% at July 31, 2019 (2018 - 2.96%).

These obligations are to be settled based on the economic lives of the underlying assets, which currently extend up to 15 years into the future and will be funded from general corporate resources at the time of abandonment.

The following table summarizes changes in decommissioning liabilities for the year ended July 31, 2019 and 2018:

	2019	**2018**
Decommissioning liabilities, beginning of year	$ 407,752	$ 9,663
Provision for decommissioning liabilities	-	397,803
Accretion	8,829	286
Change in estimates	180,344	-
Decommissioning liabilities, end of year	$ 596,925	$ 407,752

Changes in estimates and assumptions for the years ended July 31, 2019 and 2018 relate to both the change in discount rates used and revisions to abandonment and reclamation cost estimates and future abandonment dates of the Corporation’s wells and facilities.

(Expressed in Canadian dollars)

10. Decommissioning liabilities (continued)

The following assumptions were used to estimate the decommissioning obligation at July 31, 2019 and 2018:

		2019		*2018*
Undiscounted cash flows	$	**655,607**	$	478,000
Risk free rate		**1.46%-1.70%**		2.96%
Inflation rate		**2%**		2%
Expected timing of cash flows		**1 to 15 years**		2 to 25 years

Change in estimates totalling $4,434 (2018 – $Nil) related to Manitoba CGU, which was fully impaired during the year; therefore, this amount was recorded directly to profit or loss within finance expenses.

11. 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 (Note 11(d)). 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 (Note 11(d)). 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.

(Expressed in Canadian dollars)

11. Share capital (continued)

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

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 the Company 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 the Company. (Note 5).

(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%

(Expressed in Canadian dollars)

11. Share capital (continued)

(c) Options (continued)

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%

(Expressed in Canadian dollars)

12. Related party transactions

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

(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).

13. 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.

(Expressed in Canadian dollars)

13. Financial instruments, risk management and capital management (continued)

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. The Corporation 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

(Expressed in Canadian dollars)

13. Financial instruments, risk management and capital management (continued)

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 Corporation'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.

13. Financial instruments, risk management and capital management (continued)

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.

14. Supplementary cash flow information

For the year ended July 31, 2018, the value of common shares issued as part of the share exchange agreement with the Company in the amount of $5,517,212 and the related working capital balances and assets have been excluded from the operating, investing and financing activities on the consolidated statements of cash flows as this is a non-cash transaction (see Note 5). In addition, the value of common shares issued for the extinguishment of debt in the amount of $138,523 and the related trade payable balance has been excluded from the operating and financing activities on the consolidated statements of cash flows as this is a non-cash transaction.

15. Income taxes

(a) The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of loss and comprehensive loss for the years ended July 31, 2019 and 2018:

(Expressed in Canadian dollars)

15. Income taxes (continued)

	2019	2018
	$	$
Net loss before tax	(738,412)	(791,890)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(199,371)	(213,810)
Change in deferred tax assets not recognized	252,037	213,810
Flow through share premium	(45,831)	(125,795)
Change in estimate	(109,630)	-
Change in tax rate	53,565	-
Non-deductible /(Taxable) items	3,400	-
Total income tax expense (recovery)	(45,830)	(125,795)
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	(45,830)	(125,795)
Total income tax expense (recovery)	(45,830)	(125,795)

(b) The deferred tax assets / (liabilities) as at July 31, 2019 and 2018 are comprised of the following:

	2019	2018
	$	$
Non-capital loss carryforwards	146,056	206,258
Property and equipment	(146,056)	(206,258)
Total deferred tax assets / (liabilities)	-	-

The deferred taxes assets and liabilities reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values.

(c) The unrecognized deductible temporary differences as at July 31, 2019 and 2018 are comprised of the following:

	2019	2018
	$	$
Non-capital loss carryforwards	1,739,005	702,919
Asset retirement obligation	596,925	407,751
Financing Costs	238,677	318,236
Total unrecognized deductible temporary differences	2,574,607	1,428,906

(d) The Corporation has non capital loss carry forwards of approximately $1,739,005 (2018: $702,919) which may be carried forward to apply against future years' income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

(Expressed in Canadian dollars)

15. Income taxes (continued)

Expiry year	Amount
2036	73,706
2037	143,591
2038	957,567
2039	564,142
Total	1,739,006

16. 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)

17. Contingency

During the year ended July 31, 2019, the Company was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named the Company 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.

18. Subsequent events

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

18. Subsequent events (continued)

During December 2019, the Company 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 the Company. On March 30, 2020, the Company was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named the Company as the defendant. The Statement of Claim sought an interest and related revenue in certain the Company's assets. The Company is currently reviewing its options in resolving the matter. The likelihood of the outcome of this claim cannot be estimated as at the audit report date.

During December 2019, the former CEO and CFO of the Company, have expressed formal grievances concerning their former employment. On January 7, 2020. the Company received legal letters from the former CEO and CFO. The Company 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, the Company was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named the Company as the defendant. The Statement of Claim sought a transfer of certain the Company's assets and payment of all revenues from the Assets to a private company controlled by various former the Company's management (the "plaintiff"). During March 2020, the Company'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.

Also see Notes 11d and 17.