Consolidated Financial Statements of

BIRD RIVER RESOURCES INC.

Years Ended July 31, 2020 and 2019

(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.

November 30, 2020

(signed)
"Jon Bridgman"
CEO

(signed)
"Ed Thompson"
CFO

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 statements of financial position as at July 31, 2020 and July 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years 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, 2020 and July 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 $8,744,904. 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.

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.

In connection with our audits 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 audits 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Jian-Kun Xu.

MNP LLP

Vancouver, British Columbia
November 30, 2020

Chartered Professional Accountants

BIRD RIVER RESOURCES INC.

Consolidated Statements of Financial Position

As at July 31,

(Expressed in Canadian dollars)

		2020		2019
Assets				
Current assets:				
Cash and cash equivalents	$	112,523	$	202 731
Accounts receivable (Note 9)		11,386		238,663
Prepaid expenses and deposits		-		17,612
		123,909		459,006
Assets classified as held for sale (Note 4)		4,035,846		-
Total current assets		4,159,755		459,006
Non-current assets:				
Deposits		-		25,000
Property and equipment (Note 5)		-		9,623,063
Total non-current assets		-		9,648,063
Total assets	$	4,159,755	$	10,107,069
Liabilities and Equity				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	$	166,877	$	822,878
Deposit received (Note 4)		90,000		-
		256,877		822,878
Liabilities directly associated with assets classified as held for sale (Note 4)		3,945,846		-
Total current liabilities		4,202,723		822,878
Non-current liabilities:				
Decommissioning liabilities (Note 6)		14,670		596,925
Total liabilities		4,217,393		1,419,803
Equity:				
Share capital (Note 7)		10,273,404		10,273,404
Warrants (Note 7d)		-		862,244
Contributed surplus		881,424		19,180
Accumulated deficit		(11,212,466)		(2,467,562)
Total (deficit)/equity		(57,638)		8,687,266
Total liabilities and equity	$	4,159,755	$	10,107,069

General business description and ability to continue as a going concern (Note 1)
Contingency (Note 11)
Subsequent events (Note 12)

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)

	2020	2019
Revenue from petroleum and natural gas sales	$ 12,716	$ 36,255
Royalties	(5,900)	(236)
Net revenue	6,816	36,019
Expenses:		
Operating costs	8,001	15,867
General and administrative	210,950	175,036
Depletion and depreciation (note 7)	-	-
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
	218,951	468,916
Loss from operations:	(212,135)	(432,897)
Other expenses:		
Finance expense	(174)	(10,155)
	(174)	(10,155)
Loss before income taxes	(212,309)	(443,052)
Deferred income tax recovery, net of flow-through premiums	-	45,830
Net loss for the year from continuing operations	$ (212,309)	$ (397,222)
Net loss for the year from discontinued operations (Note 4)	(8,532,595)	(295,361)
Net loss for the year	(8,744,904)	(692,583)
Basic and diluted loss per share from continuing operations	$ (0.02)	$ (0.04)
Basic and diluted loss per share from discontinued operations (Note 4)	$ (0.88)	$ (0.03)
Weighted average common shares – basic	9,666,861	9,666,861
Weighted average common shares – diluted	9,666,861	9,666,861

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, July 31, 2018 Restated	9,666,861	$ 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	9,666,861	10,273,404	862,244	19,180	(2,467,562)	8,687,266
Warrants (Note 7)	-	-	(862,244)	862,244	-	-
Net loss for the year	-	-	-	-	(8,744,904)	(8,744,904)
Balance, July 31, 2020	**9,666,861**	**$ 10,273,404**	**$ -**	**$ 881,424**	**$ (11,212,466)**	**$ (57,638)**

See accompanying notes to consolidated financial statements.

BIRD RIVER RESOURCES INC.

Consolidated Statements of Cash Flows
Years ended July 31,
(Expressed in Canadian dollars)

	2020	2019
Operating activities:		
Net loss for the year	$ (8,744,904)	$ (692,583)
Adjustments for:		
Depletion and depreciation	275,357	238,406
Impairment loss on property, plant and equipment	-	72,668
Impairment loss on joint venture arrangements	-	196,878
Impairment loss on assets held for sale (Note 4)	8,370,356	-
Share-based compensation	-	8,467
Net finance expense	7,596	20,010
Deferred income tax recovery, net of flow through premiums	-	(45,830)
	(91,595)	(201,984)
Changes in non-cash working capital		
Account receivable	(115,585)	813,737
Prepaid expenses and deposits	34,529	62,114
Accounts payable and accrued liabilities	231,134	(1,042,011)
	150,078	(166,160)
Net cash from (used in) operating activities	58,483	(368,144)
Investing activities:		
Additions to property and equipment	(278,691)	(1,147,156)
Receipt of deposits relating to sale of disposal group	90,000	-
Net cash used in investing activities	(188,691)	(1,147,156)
Financing activities:		
Receipt of CEBA loan	40,000	-
Interest income	-	3,184
Part XII.6 tax	-	(9,931)
Net cash from (used in) financing activities	40,000	(6,747)
Change in cash and cash equivalents	(90,208)	(1,522,047)
Cash and cash equivalents, beginning of year	202,731	1,724,778
Cash and cash equivalents, end of year	$ 112,523	$ 202,731

Non-cash financing and investing activities
Cash flows from discontinued operations (Note 4)

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).

As at July 31, 2020, the Corporation's principal business activities included the acquisition and exploration of resource properties with the primary focus on petroleum and natural gas properties. During the current year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on Bird River and its wholly-owned subsidiary, High Point 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. This has had a significant impact on the Corporation and has directly led, in part, to the disposal of High Point. Subsequent to July 31, 2020, the Corporation disposed of its wholly-owned subsidiary, High Point Oil Inc., through a share purchase agreement. The Corporation’s vision is to pivot out of oil and gas operations. On November 17, 2020, the Corporation consolidated all of the Corporation’s issued and outstanding common shares on the basis of twelve (12) to one (1). Subsequent to the consolidation, the Corporation is contemplating raising funds and then seeking a new opportunity. There are currently no opportunities at this time and no assurances can be made at this time regarding same.

The Corporation's shares are listed on the Canadian Securities Exchange and are traded under the stock symbol “BDR”.

All shares and per share amounts have been restated to reflect the share consolidation retrospectively.

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, 2020, the Corporation recorded a net loss of $8,744,904 (July 31, 2019 – $692,583) and had cash flows from operating activities of $58,483 (July 31, 2019 – cash used in operations of $368,144). The Corporation had working capital deficit of $132,968 as at July 31, 2020 (July 31, 2019 - $363,872). 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. The Corporation expects to repay its financial liabilities through future equity and debt financings.

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 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 November 30, 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.

(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, 2020 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.

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

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

(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.

(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.

(vi) Assets held-for-sale

Assets held-for-sale contains judgments that the assets and liabilities classified in this category meet the criteria as “assets held-for-sale”. As at the end of the reporting period these assets are recorded at the lower of cost or fair value less cost to sell. There are estimates as to the fair value to be recovered through sale and the costs to sell.

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) 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.

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

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

(ii) 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.

(iii) Decommissioning liabilities

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

(iv) 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, 2020 and 2019 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.

The Corporation applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(e) Assets held for sale and discontinued operations

The Corporation classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

3. Significant accounting policies (continued)

(e) Assets held for sale and discontinued operations (continued)

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
• Represents a separate major line of business or geographical area of operations
• Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
Or
• Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of loss and comprehensive loss.

Additional disclosures are provided in Note 4. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(f) 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.

(g) 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.

3. Significant accounting policies (continued)

(g) Impairment of non-financial assets (continued)

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.

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.

(h) 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.
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(i) 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.

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.

3. Significant accounting policies (continued)

(i) Taxes (continued)

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.

(j) 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.

(k) 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.

(l) 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.

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.

3. Significant accounting policies (continued)

(m) Financial instruments

The following table summarizes the classification of the Corporation's financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

Financial instrument	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets

The classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets and the contractual terms of the cash flows. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income ("FVOCI"): assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for amortized cost or FVOCI.

- Financial assets are initially measured a fair value and are subsequently measured at amortized cost using the effective interest method, or at FVOCI or at FVTPL.

- Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Financial liabilities

The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statements of loss and comprehensive loss.

- Financial liabilities measured at FVTPL: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the consolidated statement of loss and comprehensive loss.

3. Significant accounting policies (continued)

(m) Financial instruments (continued)

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss and comprehensive loss.

Impairment of financial assets

At each reporting date, the Corporation assesses whether a financial as set or group of financial assets is impaired under the expected credit loss ("ECL") model. Loss allowances are measured based on (i) ECLs that result from possible default events within the 12 months after the reporting date ("12-month ECL"), or (ii) ECLs that result from all possible default events over the expected life of a financial instrument ("lifetime ECLs").

For short-term trade and other receivables, the Corporation applies the simplified approach and has calculated ECLs based on lifetime ECLs. Where information exists, the Corporation establishes a loss rate based on historical normalized credit loss experience. The loss rate is based on the payment profiles and aging of trade receivables and is adjusted to reflect current and forward-looking information on macroeconomic factors.

The amortized cost of the financial asset is reduced by impairment losses at an amount equal to the lifetime expected credit losses. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

(n) 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.

(o) 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.

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.

(p) 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.

3. Significant accounting policies (continued)

(q) Changes to accounting policies

Effective August 1, 2019 (hereafter referred to as the "date of initial application"), the Corporation adopted IFRS 16 Leases as issued by the IASB in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Transition

The Corporation adopted IFRS 16 effective August 1, 2019 using a modified retrospective approach. The comparative information contained within these consolidated financial statements has not been restated and continues to be reported under previous lease standards. In addition, the following practical expedients were applied:

- The Corporation did not reassess whether a contract is, or contains, a lease at the date of initial application of IFRS 16 Leases. Instead, the Corporation applied IFRS 16 to all contracts that were previously identified as leases under IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. Contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. As a result, the definition of a lease under IFRS 16 has only been applied to contracts entered into (or changed) on or after the date of initial application.
- The Corporation elected not to recognize right-of-use assets and lease liabilities with a lease term of less than 12 months and low value assets, as permitted by IFRS16.

There was no right-of-use asset or lease liability recognized due to adoption of IFRS16.

(r) New accounting standards issued but not yet effective

IAS 1 Presentation of Financial Statements
In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The Corporation does not expect these amendments to have material impact on its consolidated financial statements.

(Expressed in Canadian dollars)

4. Assets and liabilities held for sale, and discontinued operations

Bird River and High Point held working interests in the Alberta PNG assets. During the year, the directors decided to dispose of all of its interest in petroleum and natural gas ("PNG") assets and liabilities in Alberta (referred collectively to as "Alberta PNG assets"). Therefore, when the decision was made to dispose of High Point, the sale was to be made in such as way that all of the Alberta PNG assets in Bird River and High Point were to be disposed of.

Subsequent to July 31, 2020, the Corporation disposed 100% interest in High Point, through a share purchase agreement (the "Share Purchase"), as well as all of the Alberta PNG assets held by Bird River.

Under the terms of the Share Purchase, the cash consideration of $90,000 was received for the following assets and liabilities acquired by the purchaser:

- 100% of the Corporation's shareholdings in High Point;
- High Point's accounts payable and debts owed to the Corporation;
- Brid River's interest in three wells operated by High Point;
- The Acquirer also assumed all liabilities in High Point.

Management determined that this transaction meets the definition of Assets Held for Sale and Discontinued Operations under IFRS as at July 31, 2020. Accordingly, the transaction has been presented as such.

The major classes of assets and liabilities classified as held for sale as at July 31 are, as follows:

Assets		**2020**
Accounts receivable	$	275,221
Intercompany		2,181,098
Prepaids		8,083
Property and equipment (Note 5)		1,571,444
Assets held-for-sale		4,035,846
Liabilities		
Accounts payable		(819,493)
CEBA loan		(40,000)
Intercompany		(2,181,098)
Asset retirement obligations (Note 6)		(905,255)
Liabilities associated with assets held-for-sale		(3,945,846)
Net assets directly associated with disposal group	$	90,000

Following the classification of these assets as "assets held-for-sale", a write-down of $8,370,356 was recognised on July 31, 2020 to reduce the carrying amount of the property and equipment in the disposal group to their fair value less costs to sell. This was recognised in discontinued operations in the Consolidated statements of loss and comprehensive loss. As of July 31, 2020, amount of $90,000 cash consideration was received and included in cash, cash equivalent and deposit received. Such restricted cash was held in escrow and was released upon closing of the sales on October 2, 2020.

(Expressed in Canadian dollars)

4. Assets and liabilities held for sale, and discontinued operations (continued)

The results of the discontinued operations for the years are presented below:

	2020	2019
Revenue from petroleum and natural gas sales	$ 1,024,809	$ 1,209,917
Royalties	(50,662)	(117,077)
Net revenue	974,147	1,092,840
Expenses:		
Operating costs	487,917	445,883
General and administrative	365,749	694,057
Depletion and depreciation (note 7)	275,357	238,406
	1,129,023	1,378,346
Loss from operations:	(154,876)	(285,506)
Other income (expenses):		
Finance income	58	3,184
Finance expense	(7,421)	(13,039)
Impairment of assets held for sale	(8,370,356)	-
	(8,377,719)	(9,855)
Net loss from discontinued operations	(8,532,595)	(295,361)

Statement of cash flows

	2020	2019
Net cash from (used in) operating activities	115,328	(178,834)
Net cash used in investing activities	(278,691)	(1,147,156)
Net cash from financing activities	40,000	3,184
Net cash inflow	$ (123,363)	$ (1,322,806)

(Expressed in Canadian dollars)

5. Property and equipment

	Petroleum and natural gas properties
	$
Cost	
Balance, July 31, 2018	8,703,748
Additions	1,185,990
Decommissioning liability - change in estimates	175,911
Balance, July 31, 2019	10,065,649
Additions	278,688
Decommissioning liability - change in estimates	315,405
Transferred to assets held for sale (note 4)	(10,659,742)
Balance, July 31, 2020	-

	Petroleum and natural gas properties
	$
Accumulated depletion, depreciation and impairment	
Balance, July 31, 2018	131,512
Depletion and depreciation	238,406
Impairment loss	72,668
Balance, July 31, 2019	442,586
Depletion and depreciation	275,357
Impairment	8,370,356
Transferred to assets held for sale (note 4)	(9,088,299)
Balance, July 31, 2020	-

	Petroleum and natural gas properties
	$
Carrying value	
July 31, 2018	8,572,236
July 31, 2019	9,623,063
July 31, 2020	-

The Corporation has two CGUs: Alberta and Manitoba. As of July 31, 2020, the property and equipment within Alberta CGU were reclassified to assets held for sale (see Note 4). For Manitoba CGU, management determined that the resources were not commercially viable; therefore, the entire CGU was impaired as at July 31, 2020 and 2019.

6. 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.

(Expressed in Canadian dollars)

6. Decommissioning liabilities (continued)

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 years ended July 31, 2020 and 2019:

	July 31, 2020	July 31, 2019
Decommissioning liabilities, beginning of year	$ 596,925	$ 407,752
Incurred	325,340	-
Accretion	7,596	8,829
Change in estimates	(9,936)	180,344
Transferred to assets held for sale (note 4)	(905,255)	-
Decommissioning liabilities, end of year	$ 14,670	$ 596,925

Changes in estimates and assumptions for the years ended July 31, 2020 and 2019 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.

The following assumptions were used to estimate the decommissioning obligation at July 31, 2020 and 2019:

	July 31, 2020	July 31, 2019
Undiscounted cash flows	$ 1,019,001	$ 655,607
Risk free rate	1.42% - 1.58%	1.46% - 1.70%
Inflation rate	2%	2%
Expected timing of cash flows	1 to 15 years	1 to 15 years

Change in estimates totalling $4,434 as at July 31, 2019 related to Manitoba CGU, which was fully impaired during the year; therefore, this amount was recorded directly to profit or loss within finance expenses.

(Expressed in Canadian dollars)

7. 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 years ended July 31, 2020 and 2019, no shares were issued. Total number of shares issued and outstanding as at July 31, 2020 is 116,002,334 (July 31, 2019 - 116,002,334). Effective November 17, 2020, the Corporation consolidated all of the Corporation's issued and outstanding common shares on the basis of twelve (12) to one (1) (the "Consolidation"). Following the Consolidation, the Corporation has 9,666,861 post-consolidation common shares issued and outstanding.

(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.

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

	July 31, 2020		**July 31, 2019**	
	Number	**Weighted Average Exercise Price**	**Number**	**Weighted Average Exercise Price**
Outstanding, beginning of year	-	-	125,000	$1.20
Expired	-	-	(125,000)	($1.20)
Outstanding, end of year	-	-	-	-
Exercisable, end of year	-	-	-	-

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

(d) Warrants

	Number of Warrants	**Weighted Average Exercise Price**
Balance, July 31, 2019	1,957,173	2.28
Warrants expired	(1,957,173)	(2.28)
Balance, July 31, 2020	**-**	**$ -**

As at July 31, 2020, there are no warrants outstanding. The amount of warrants reserve was moved to contributed surplus upon the expiry of warrants.

(Expressed in Canadian dollars)

8. 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, 2020, the Corporation paid salaries, consulting fees, and director fees to its executive officers in the amount of $160,775 (July 31, 2019 - $366,449) which is included general and administrative expenses.

		July 31, 2020	July 31, 2019
Consulting fees to CEO	(Jon Bridgman)	$ 30,000	$ 30,000
Consulting fees to COO	(Neil Wilson)	41,375	-
Salaries to former CEO	(Ty Pfeiffer)	-	154,774
Salaries to former CFO	(Howard Blacker)	13,000	134,775
Consulting fees to former CFO	(Tokarsky)	4,400	23,400
Management fees to a director	(Donal)	18,000	18,000
Consulting fee to a director	(Dave Walters)	52,500	2,500
Director fees		2,000	3,000
		$ 160,775	**$ 366,449**

(b) Other related party transactions

During the year ended July 31, 2020, the Corporation paid relatives of a former director of the Corporation for IT administration, geo-technical support and wellsite geology in the amount of $450 (July 31, 2019 - $41,000). All amounts are included in general and administrative expenses. These amounts are recorded at the exchange amount, which is the amount agreed upon by the related parties. As at July 31, 2020, included in trade payables and other payables are amounts owing to directors and officers of the Corporation in the amount of $33,645 (July 31, 2019 - $Nil).

9. Financial instruments, risk management and capital management

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

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

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

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. The 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 to credit risk relate to cash in Canadian chartered banks and 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.

(Expressed in Canadian dollars)

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

As at July 31, 2020 and 2019, the Corporation's accounts receivable (not including tax receivable) was comprised of the following:

	July 31, 2020	July 31, 2019
Joint interest partners	$ -	$ 109,357
Petroleum and natural gas marketers	-	107,606
	$ -	$ 216,963

Aging analysis of receivables are as follows:

	July 31, 2020	July 31, 2019
Current	$ -	$ 105,553
31 – 60 days	-	1,746
61 – 90 days	-	(71)
Greater than 90 days	-	109,735
	$ -	$ 216,963

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, 2020, the Corporation and its subsidiaries' cash is held at two 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, 2020 and 2019 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:

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

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 years ended July 31, 2020 and 2019, the Corporation had no contracts in place to reduce its exposure to commodity price risk. As at July 31, 2020, an annual average change of 1% in crude oil prices would affect the Corporation's report net income by $11,866 (July 31, 2019 - $12,462).

Foreign currency risk

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

Interest rate risk

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

(d) Capital management

The Corporation considers its capital structure to consist of share capital, share options and warrants. When managing capital, the Corporation's objective is to ensure the Corporation continues as a going concern as well as to maintain optimal returns to shareholders and benefits for its other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of industrial minerals and petroleum and natural gas properties. The Corporation monitors its working capital and expected capital spending and issues share capital to manage its development plans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the Corporation's operations. As at July 31, 2020, the Corporation had managed capital, being total equity on the statement of financial position of ($57,638) (July 31, 2019 - $8,687,266).

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.

(Expressed in Canadian dollars)

10. 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 operations and comprehensive loss for the years ended July 31, 2020 and 2019:

	2020	2019
	$	$
Net loss before tax	(8,744,904)	(738,412)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(2,361,124)	(199,371)
Change in deferred tax assets not recognized	815,528	252,037
Flow through share premium	-	(45,831)
Change in estimate	132,549	(109,630)
Change in tax rate	284,774	53,565
Non-deductible /(Taxable) items	9,864	3,400
Impairment of property and equipment	1,118,409	-
Total income tax expense (recovery)	-	(45,830)
Deferred tax expense (recovery)	-	(45,830)
Total income tax expense (recovery)	-	(45,830)

(b) The deferred tax assets / (liabilities) as at July 31, 2020 and 2019 are comprised of the following:

	2020	2019
	$	$
Non-capital loss carryforwards	-	146,056
Property and equipment	-	(146,056)
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, 2020 and 2019 are comprised of the following:

	2020	2019
	$	$
Non-capital loss carryforwards	2,839,182	1,739,005
Property and equipment	1,925,721	-
Asset retirement obligation	919,925	596,925
Financing Costs	159,118	238,677
Total unrecognized deductible temporary differences	5,843,946	2,574,607

(Expressed in Canadian dollars)

10. Income taxes (continued)

(d) The Corporation has non capital loss carry forwards of approximately $2,839,182 (2019: $1,739,005) 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:

Expiry year	Amount
2033	40,410
2034	58,062
2035	73,724
2036	527,475
2037	185,733
2038	1,365,846
2039	299,870
2039	288,062
Total	2,839,182

11. Contingencies

During the year ended July 31, 2019, the Corporation was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named the Corporation 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. During the current year, the Corporation 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 Corporation'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 financial statements. As at July 31, 2020, the Corporation recorded $296,157 and $42,452 in accounts payable and accrued liabilities of which $232,174 remains outstanding.

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

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

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

12. Subsequent events

Effective November 17, 2020, the Corporation consolidated all of the Corporation's issued and outstanding common shares on the basis of twelve (12) to one (1) (the "Consolidation"). Prior to the Consolidation, the Corporation had 116,002,334 pre-consolidation common shares issued and outstanding. Following the Consolidation, the Corporation has 9,666,861 post-consolidation common shares issued and outstanding.

Subsequent to July 31, 2020, the Corporation disposed 100% interest in High Point, through a share purchase agreement (the "Share Purchase"), as well as all of the Alberta PNG assets held by Bird River (Note 4). Pursuant to the transaction, the purchaser and High Point agreed to indemnify and save Bird River harmless against and in respect of any and all losses, damages, claims, costs of High Point including the contingencies described in Note 11.