Condensed Interim Financial Statements of

# BIRD RIVER RESOURCES INC.

Three and Nine Months Ended April 30, 2022 and 2021

(Expressed in Canadian dollars)

*(unaudited)*

## NOTICE OF DISCLOSURE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# BIRD RIVER RESOURCES INC.

**Condensed Interim Statements of Financial Position**

*(Expressed in Canadian dollars)*

| | As at April 30, 2022 | As at July 31, 2021 |
|---|---|---|
| **Assets** | *(unaudited)* | |
| Current assets: | | |
| Cash and cash equivalents | $ 437,901 | $ 551,979 |
| Accounts receivable (note 9) | 38,588 | 33,272 |
| Prepaid expenses and deposits | - | 4,767 |
| **Total current assets** | 476,489 | 590,018 |
| **Total assets** | $ 476,489 | $ 590,018 |
| **Liabilities** | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 94,373 | $ 98,804 |
| Total current liabilities | 94,373 | 98,804 |
| **Total liabilities** | 94,373 | 98,804 |
| **Equity** | | |
| Share capital (note 7) | 10,806,602 | 10,806,602 |
| Warrants (note 7d) | 87,515 | 87,515 |
| Contributed surplus | 1,141,544 | 1,095,325 |
| Accumulated deficit | (11,653,545) | (11,498,228) |
| **Total equity** | 382,116 | 491,214 |
| **Total liabilities and equity** | $ 476,489 | $ 590,018 |

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

See accompanying notes to unaudited condensed interim financial statements.

**Approved on behalf of the Board of Directors:**

(signed) "Jon Bridgman", Director

(signed) "Donal Carroll", Director

# BIRD RIVER RESOURCES INC.

**Condensed Interim Statements of Loss and Comprehensive Loss**

Three and Nine Months ended April 30, 2022 and 2021
*(Expressed in Canadian dollars)*
*(unaudited)*

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **April 30, 2022** | **April 30, 2021** | **April 30, 2022** | **April 30, 2021** |
| Revenue from petroleum and natural gas sales | $ - | $ - | $ - | $ - |
| Royalties | - | - | - | - |
| Net revenue | - | - | - | - |
| Expenses: | | | | |
| Operating costs | - | - | - | - |
| General and administrative | 26,641 | 72,648 | 109,098 | 174,382 |
| Share-based compensation (note 7) | 11,332 | 70,955 | 46,219 | 70,955 |
| | 37,973 | 143,603 | 155,317 | 245,337 |
| Loss from operations: | (37,973) | (143,603) | (155,317) | (245,337) |
| Other expenses: | | | | |
| Finance expense | - | - | - | - |
| | - | - | - | - |
| Net loss for the period from continuing operations | (37,973) | (143,603) | (155,317) | (245,337) |
| Net income for the period from discontinued operations (Note 4) | - | - | - | 157,149 |
| Net loss and comprehensive loss for the period | $ (37,973) | $ (143,603) | $ (155,317) | $ (88,188) |
| Basic and diluted loss per share from continuing operations | ($0.00) | ($0.01) | ($0.01) | ($0.02) |
| Basic and diluted income per share from discontinued operations (Note 4) | - | - | - | $0.01 |
| Weighted average common shares – basic | 16,666,861 | 11,384,810 | 16,666,861 | 11,384,810 |
| Weighted average common shares – diluted | 16,666,861 | 11,384,810 | 16,666,861 | 11,384,810 |

See accompanying notes to unaudited condensed interim financial statements.

# BIRD RIVER RESOURCES INC.

**Statements of Changes in Equity**
*(Expressed in Canadian dollars)*
*(unaudited)*

| | Number of shares | Share capital | Warrants | Contributed surplus | Accumulated deficit | Total equity |
|---|---|---|---|---|---|---|
| Balance, July 31, 2020 | 9,666,861 | $ 10,273,404 | $ - | $ 881,424 | $ (11,212,466) | $ (57,638) |
| Shares issued for cash (note 7b) | 7,000,000 | 700,000 | - | - | - | 700,000 |
| Warrants (note 7d) | - | (87,515) | 87,515 | - | - | - |
| Share-based compensation (note 7c) | - | - | - | 213,901 | - | 213,901 |
| Share issue costs (note 7b) | - | (79,287) | - | - | - | (79,287) |
| Uncashed dividend | - | - | - | - | 16,354 | 16,354 |
| Net loss for the year | - | - | - | - | (302,116) | (302,116) |
| Balance, July 31, 2021 | 16,666,861 | $ 10,806,602 | $ 87,515 | $ 1,095,325 | $ (11,498,228) | $ 491,214 |
| Share-based compensation (note 7c) | - | - | - | 46,219 | - | 46,219 |
| Net loss for the period | - | - | - | - | (155,317) | (155,317) |
| **Balance, April 30, 2022** | **16,666,861** | **$ 10,806,602** | **$ 87,515** | **$ 1,141,544** | **$ (11,653,545)** | **$ 382,116** |

See accompanying notes to unaudited condensed interim financial statements.

# BIRD RIVER RESOURCES INC.

**Condensed Interim Statements of Cash Flows**
Three and nine months ended April 30, 2022 and 2021
*(Expressed in Canadian dollars)*
*(unaudited)*

| | **Three Months Ended** | | **Nine Months Ended** | |
|---|---|---|---|---|
| | **April 30, 2022** | **April 30, 2021** | **April 30, 2022** | **April 30, 2021** |
| Operating activities: | | | | |
| Net income (loss) for the period | $ (37,973) | $ (143,603) | $ (155,317) | $ (88,188) |
| Adjustments for: | | | | |
| Share-based compensation (note 7) | 11,332 | 70,955 | 46,219 | 70,955 |
| Net finance expense | - | - | - | - |
| Gain on disposal of subsidiary (Note 4) | - | - | - | (14,670) |
| Changes in non-cash working capital | | | | |
| Account receivable | (1,575) | (3,048) | (5,316) | (15,971) |
| Prepaid expenses and deposits | - | 6,938 | 4,767 | (7,288) |
| Accounts payable and accrued liabilities | (2,457) | (18,455) | (4,431) | (23,024) |
| Net cash from (used in) operating activities | (30,673) | (87,213) | (114,078) | (78,186) |
| Financing activities: | | | | |
| Shares issued for cash | - | 700,000 | - | 700,000 |
| Share issue costs | - | (79,287) | - | (79,287) |
| Net cash from financing activities | - | 620,713 | - | 620,713 |
| Change in cash and cash equivalents | (30,673) | 533,500 | (114,078) | 542,527 |
| Cash and cash equivalents, beginning of period | 468,574 | 121,550 | 551,979 | 112,523 |
| Cash and cash equivalents, end of period | $ 437,901 | $ 655,050 | $ 437,901 | $ 655,050 |

See accompanying notes to unaudited condensed interim 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. The Corporation's shares are listed on the Canadian Securities Exchange and are traded under the stock symbol “BDR”.

Effective October 2, 2020, the Corporation disposed of its wholly-owned subsidiary, High Point Oil Inc. (“High Point”), through a share purchase agreement. The Corporation’s vision is to pivot out of oil and gas operations.

Effective January 20, 2021, the Corporation disposed of its wholly-owned subsidiary, 2411181 Manitoba Ltd., under a share sale and assignment agreement (the “Assignment”). See Note 4. As a result of the dispositions, the Corporation no longer had any subsidiaries and became a shell company.

As at April 30, 2022, the Corporation's principal business activity is to identify, evaluate and acquire any interest in a business or assets.

During 2020, 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 to the disposal of High Point.

**<u>Going concern</u>**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“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 nine months ended April 30, 2022, the Corporation recorded net loss of $155,317 (year ended July 31, 2021 – $302,116) and recorded cash used in operating activities of $114,078 (year ended July 31, 2021 – $185,457). The Corporation had a working capital surplus of $382,116 as at April 30, 2022 (July 31, 2021 – $491,214). 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.

The Corporation raised funds and is seeking a new opportunity (see Note 12). There are currently no opportunities at this time and no assurances can be made at this time regarding same.

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 financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Corporation's annual audited financial statements as at and for the year ended July 31, 2021 and 2020. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Corporation's financial position and performance since the annual audited financial statements.

These financial statements were approved and authorized for issue by the Board of Directors on June 24, 2022.

(b) Basis of measurement

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

(d) Significant accounting judgments, estimates and assumptions

The preparation of 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 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 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 financial statements for the nine months ended April 30, 2022 and year ended July 31, 2021. Management prepares the 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 of disposal 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 of disposal. There are estimates as to the fair value to be recovered through sale and the costs of disposal.

*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.

*(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 financial statements.

(a) 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.

(b) 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 25$^{th}$ 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.

(c) 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.

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.

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.

(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 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.

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.

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.

(e) 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.

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.

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.

(f) 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.

(g) 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.

(h) 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 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 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 statement of loss and comprehensive loss.

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 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").

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 statements of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

(i) 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.

(j) 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.

*(Expressed in Canadian dollars)*

(k) Changes to accounting policies

There are currently no changes to accounting policies that impact the Corporation's financial statements.

(l) New accounting standards issued but not yet effective

There are currently no new accounting standards issued but not yet effective that impact the Corporation's financial statements.

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

**High Point Oil Inc.**

Bird River and High Point held working interests in the Alberta petroleum and natural gas ("PNG") asset and liabilities in Alberta (referred collectively to as "Alberta PNG assets"). During 2020, the directors decided to dispose of all of its interest in the 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.

Effective October 2, 2020, the Corporation disposed of 100% of its 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;
- Bird River's interest in three wells operated by High Point; and
- The Acquirer also assumed all liabilities in High Point.

As of July 31, 2020, management determined that this transaction meets the definition of Assets Held for Sale and Discontinued Operations, accordingly, the transaction has been presented as such.

The major classes of assets and liabilities classified as held for sale as at July 31, 2020 are as follows:

| Assets | **July 31, 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 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)*

**2411181 Manitoba Ltd.**

Effective January 20, 2021, the Corporation disposed of its wholly-owned subsidiary, 2411181 Manitoba Ltd. ("2411181"), under a share sale and assignment agreement (the "Assignment") with an arms-length party (the "Acquirer").

2411181 was a subsidiary holding company of the Corporation, which held a minority interest in ten oil wells of which three were non-active and subsequently were shut-in during 2020 leaving seven wells still in production.

Under the terms of the Assignment, the Acquirer received:

- 100% of the Company's shareholdings in 2411181;
- The interest in the nine wells operated by an independent operator; and
- The Acquirer is responsible for all existing liabilities resulting from well service expenses.

Cash consideration paid to the Corporation by the Acquirer was $4,000.

In addition, the Corporation sold working interest in its one remaining well in Manitoba held under 2411181 to an industry partner for cash consideration of $200.

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

| | 2021 | 2020 |
|---|---|---|
| Revenue from petroleum and natural gas sales | $ 121,344 | $ 1,024,809 |
| Royalties | (2,292) | (50,662) |
| Net revenue | 119,052 | 974,147 |
| Expenses: | | |
| Operating costs | 62,728 | 487,917 |
| General and administrative | - | 365,749 |
| Depletion and depreciation | - | 275,357 |
| | 62,728 | 1,129,023 |
| Income (loss) before other income (expenses) | 56,324 | (154,876) |
| Other income (expenses): | | |
| Finance income | - | 58 |
| Finance expense | - | (7,421) |
| Provision not required | 87,246 | - |
| Impairment of assets held for sale | - | (8,370,356) |
| Gain on disposition of subsidiary | 13,579 | - |
| | 100,825 | (8,377,719) |
| Net income (loss) from discontinued operations | $ 157,149 | $ (8,532,595) |

*(Expressed in Canadian dollars)*

**Cash flows from (used in) discontinued operations**

| | 2021 | 2020 |
|---|---|---|
| Net cash (used in) from operating activities | $ (101,783) | $ 115,328 |
| Net cash from (used in) investing activities | 4,200 | (278,691) |
| Net cash from financing activities | - | 40,000 |
| Net cash outflow for the year | $ (97,583) | $ (123,363) |

## 5. Property and equipment

| | Petroleum and natural gas properties |
|---|---|
| | $ |
| **Cost** | |
| Balance, July 31, 2020 | - |
| Additions | - |
| Decommissioning liability - change in estimates | - |
| Transferred to assets held for sale | - |
| Balance, July 31, 2021 and April 30, 2022 | - |

| | Petroleum and natural gas properties |
|---|---|
| | $ |
| **Accumulated depletion, depreciation and impairment** | |
| Balance, July 31, 2020 | - |
| Depletion and depreciation | - |
| Impairment | - |
| Transferred to assets held for sale | - |
| Balance, July 31, 2021 and April 30, 2022 | - |

| | Petroleum and natural gas properties |
|---|---|
| | $ |
| **Carrying value** | |
| July 31, 2020 | - |
| July 31, 2021 | - |
| April 30, 2022 | - |

The Corporation had two CGUs: Alberta and Manitoba. As of July 31, 2020, the property and equipment within Alberta CGU were reclassified to assets held for sale and disposed on October 2, 2020 (see Note 4). The Manitoba CGU was impaired to nil at July 31, 2020 as management determined that the resources were not commercially viable.

*(Expressed in Canadian dollars)*

**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.

The following table summarizes changes in decommissioning liabilities for the nine months ended April 30, 2022 and year ended July 31, 2021:

| | April 30, 2022 | July 31, 2021 |
|---|---|---|
| Decommissioning liabilities, beginning of period | $ - | $ 14,670 |
| Eliminated as a disposition of discontinued operation | - | (14,670) |
| Transferred to assets held for sale (note 4) | - | - |
| Decommissioning liabilities, end of period | $ - | $ - |

No decommissioning obligation existed at April 30, 2022 and July 31, 2021 due to the dispositions of the Corporation's subsidiaries (Note 4).

**7. Share capital**

(a) Authorized: Authorized share capital consists of an unlimited number of common voting shares.

(b) Issued

| Common shares | Number of shares | Stated value |
|---|---|---|
| Balance, July 31, 2020 | 9,666,861 | $ 10,273,404 |
| Issuance of common shares for cash | 7,000,000 | 612,485 |
| Share issue costs | - | (79,287) |
| Balance, July 31, 2021 and April 30, 2022 | 16,666,861 | $ 10,806,602 |

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

On February 23, 2021, the Corporation closed a non-brokered private placement financing of common shares in the capital of the Corporation (the "Common Shares") for aggregate gross proceeds of $700,000 at a price of $0.10 per Common Share (the "Offering").

In connection with the Offering, eligible finders received an aggregate of $63,000 in cash and 630,000 broker warrants (each a "Broker Warrant"). Each Broker Warrant entitles the holder thereof to acquire a Common Share at a price of $0.10 per Broker Warrant for a period of 24 months from the date of closing.

The Corporation intends to use the proceeds from the Offering for working capital and business development purposes. The securities issued pursuant to the Offering are subject to the statutory four month and one day hold period.

Total number of shares issued and outstanding as at April 30, 2022 and July 31, 2021 is 16,666,861. 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

*(Expressed in Canadian dollars)*

Consolidation, the Corporation had 116,002,334 pre-consolidation common shares issued and outstanding. These financial statements retroactively reflect post consolidation common shares and warrants numbers.

As of July 31, 2021, 148,750 shares owned by the former CEO of the Company were held in escrow. The shares were fully released on September 30, 2021.

(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 March 3, 2021, the Corporation approved a grant of 1,250,000 incentive stock options (the “Options”) to officers and directors of the Corporation, pursuant to the terms of the stock option plan. The Options are exercisable for a period of three years, at an exercise price of $0.235 per Option. The Options are subject to a four-month hold period with 50% vested immediately, 25% vested on the 6-month anniversary and the remaining 25% vested on the 18-month anniversary.

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

| | **April 30, 2022** | | **July 31, 2021** | |
|---|---|---|---|---|
| | **Number** | **Weighted Average Exercise Price** | **Number** | **Weighted Average Exercise Price** |
| Outstanding, beginning of period | 1,250,000 | $0.235 | - | - |
| Granted | - | - | 1,250,000 | $0.235 |
| Outstanding, end of period | 1,250,000 | $0.235 | 1,250,000 | $0.235 |
| Exercisable, end of period | 937,500 | $0.235 | 625,000 | $0.235 |

*(Expressed in Canadian dollars)*

The Corporation calculated the fair value of options granted in 2021 using the Black-Scholes option pricing model using the following weighted average assumptions:

| | **2021** |
|---|---|
| Share price | $0.235 |
| Risk-free interest rate | 0.33% |
| Expected volatility | 213% |
| Dividend yield | 0% |
| Weighted average exercise price | $0.235 |
| Expected life of each option granted | 3 years |
| Estimated forfeiture rate | 0% |
| Weighted average fair value per option | $0.22 |

The Corporation recorded share-based compensation of $46,219 for the nine months ended April 30, 2022 (year ended July 31, 2021 - $213,901).

(c) Warrants

In connection with the completion of private placement as described above, eligible finders received an aggregate of $63,000 in cash and 630,000 broker warrants. These broker warrants are exercisable at a price of $0.10 per common share until February 23, 2023.

The Corporation calculated the fair value of the 630,000 common share purchase warrants granted in 2021 using the Black-Scholes pricing model using the following assumptions:

| | **2021** |
|---|---|
| Share-price | $0.155 |
| Risk-free interest rate | 0.23% |
| Expected volatility | 245% |
| Dividend yield | 0% |
| Expected life of each warrant granted | 2 years |
| Estimated forfeiture rate | 0% |
| Fair value per warrant | $0.14 |

The fair value of the 630,000 warrants granted on February 23, 2021 was $87,515.

The following is a summary of changes to the Corporation's outstanding warrants as at April 30, 2022 and July 31, 2021:

| | **April 30, 2022** | | |
|---|---|---|---|
| | **Number** | **Weighted Average Exercise Price** | **Contractual Life In Years** |
| Outstanding, beginning of period | 630,000 | $0.10 | 1.3 |
| Granted | - | - | - |
| Outstanding, end of period | 630,000 | $0.10 | 1.0 |
| Exercisable, end of period | 630,000 | $0.10 | 1.0 |

*(Expressed in Canadian dollars)*

| | July 31, 2021 | | |
|---|---|---|---|
| | Number | Weighted Average Exercise Price | Contractual Life In Years |
| Outstanding, beginning of year | - | - | - |
| Granted | 630,000 | $0.10 | 1.6 |
| Outstanding, end of year | 630,000 | $0.10 | 1.6 |
| Exercisable, end of year | 630,000 | $0.10 | 1.6 |

## 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:

Key management personnel compensation

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

During the nine months ended April 30, 2022, the Corporation incurred consulting fees to its executive officers in the amount of $49,500 (year ended July 31, 2021 - $97,650) which is included general and administrative expenses.

| | Nine Months Ended April 30, 2022 | Year Ended July 31, 2021 |
|---|---|---|
| Consulting fees to CEO | $ 13,500 | $ 15,000 |
| Consulting fees to former COO | - | 10,000 |
| Salaries to former CFO | - | 3,000 |
| Consulting fees to former CFO | - | 5,000 |
| Consulting fees to CFO | 36,000 | 50,000 |
| Management fees to a director | - | 1,650 |
| Consulting fees to a former director | - | 13,000 |
| | **$ 49,500** | **$ 97,650** |

As at April 30, 2022, included in trade payables and accrued liabilities are amounts owing to directors and officers of the Corporation in the amount of $1,500 (July 31, 2021 - $1,729).

## 9. Financial instruments, risk management and capital management

The Corporation's financial instruments consist of cash and cash equivalent, and accounts payable and accrued liabilities. The estimated fair values of cash and cash equivalent, 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:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- 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. The Corporation does not use any derivatives or similar instruments to mitigate its exposure to credit risk.

At April 30, 2022, the Corporation's' cash is held at one financial institution, which is a Canadian Chartered Bank, 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 April 30, 2022 and 2020 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 nine months ended April 30, 2022 and year ended July 31, 2021, the Corporation had no contracts in place to reduce its exposure to commodity price risk.

*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.

(c) 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 April 30, 2022, the Corporation had managed capital, being total equity on the statement of financial position of $382,116 (July 31, 2021 – $491,214).

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.

**10. Income taxes**

The Corporation has non capital loss carry forwards of approximately $1,749,002 (July 31, 2021 - $1,639,904) which may be carried forward to apply against future years' income for Canadian income tax purposes, subject to the final determination by taxation authorities.

**11. Contingencies**

Effective October 2, 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 any and all losses, damages, claims, costs of High Point including the contingencies described below:

During the year ended July 31, 2019, High Point was served with a Statement of Claim issued by the Court of Queen’s Bench of Alberta that named High Point as the defendant. The Statement of Claim sought full payment to the invoice issued by the former drilling contractor for a total of $296,157. High Point’s accounts payable and accrued liabilities as at July 31, 2019 has included payable balance of $296,157. During 2020, High Point 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 High Point’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, High Point recorded $296,157 and $42,452 in accounts payable and accrued liabilities of which $232,174 remains outstanding.

During December 2019, High Point received a legal letter from its industry partner respecting the Letter Agreement dated September 20, 2019 and the default by the industry partner regarding default on funds payable to High Point. On March 30, 2020, High Point was served with a Statement of Claim issued by the Court of Queen’s Bench of Alberta that named High Point as the defendant. The Statement of Claim sought an interest and related revenue in certain High Point’s assets. No final settlement was done on the disposition date.

During December 2019, the former CEO and CFO of High Point, have expressed formal grievances concerning their former employment. On January 7, 2020. High Point received legal letters from the former CEO and CFO. No final settlement was done on the disposition date.

On February 7, 2020, High Point was served with a Statement of Claim issued by the Court of Queen's Bench of Alberta that named High Point as the defendant. The Statement of Claim sought a transfer of certain High Point's assets and payment of all revenues from the Assets to a private corporation controlled by various former High Point's management (the "plaintiff"). During March 2020, High Point's legal counsel filed in the Court of Queen's Bench of Alberta, a Statement of Defence and a Counterclaim against the plaintiff. No final settlement was done on the disposition date.

**12. Subsequent events**

On May 27, 2021, the Corporation and Faraday Energy Inc. ("FEI"), a corporation existing under the laws of the Province of Quebec, announced that they have entered into a non-binding letter of intent dated May 26, 2021 (the "Letter of Intent"). The Letter of Intent outlines the proposed terms and conditions pursuant to which the Corporation and FEI will effect a business combination that will result in a reverse takeover of the Corporation by the shareholders of FEI (the "Proposed Transaction").

FEI is a private corporation with two wholly-owned corporations, namely, Hydro-Abitibi Inc. and Renewable Energy Abitibi Inc. which operate two hydro-electric power plants called Centrale Hydro-Électrique La Sarre 1 (1,050 KWh) and Centrale Hydro-Électrique La Sarre 2 (2x 400KWh) (the "Power Plants"). The Power Plants have a combined output of approximately 1,850 KWh. The Power Plants are located on the La Sarre River, approximately 75 km north of Rouyn-Noranda and 700 km north of Toronto.

On April 13, 2022, the Corporation announced that, further to previous news releases, the Corporation and FEI have agreed to extend the expiration date of their non-binding letter of intent to May 5, 2022.