INFINITUM COPPER CORP.

(FORMERLY BAYSHORE PETROLEUM CORP.)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(Expressed in Canadian dollar, unless otherwise stated)

Management's Responsibility for Financial Reporting

The financial statements are the responsibility of the Board of Directors and management. The financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the financial statements fairly reflect the financial position, changes in equity, results of operations, and cash flow of the Company within reasonable limits of materiality.

The Audit Committee of the Board of Directors is composed of three Directors and meets with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board of Directors for approval.

The financial statements for the year ended December 31, 2021 have been audited by De Visser Gray LLP, Chartered Professional Accountants, who were appointed by the shareholders. The auditors' report outlines the scope of their examination and their opinion on the financial statements.

Stephen Robertson
President and CEO

Michael Wood
Chief Financial Officer

Vancouver, Canada
April 28, 2022

DeVISSER GRAY LLP
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Independent Auditor's Report

To the Shareholders of Infinitum Copper Corp. (formerly Bayshore Petroleum Corp.)

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Infinitum Copper Corp. (formerly Bayshore Petroleum Corp.) (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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.

Other Matter
The consolidated financial statements of the Company for the year ended December 31, 2020 were audited by another auditor who expressed an unqualified opinion on those statements on April 29, 2021.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company's ability to continue as a going concern will depend on its ability to raise additional capital and achieve profitable operations sufficient to meet all obligations, the outcome of which is uncertain. 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 Company'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 the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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 audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 IFRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 28, 2022

INFINITUM COPPER CORP. (FORMERLY BAYSHORE PETROLEUM CORP.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars unless otherwise stated)

		As at December 31, 2021	As at December 31, 2020
		$	$
ASSETS			
Current assets			
Cash		**2,020**	49,234
Accounts receivable	**7**	**-**	47,250
Prepaid expenses		**-**	18,842
GST receivable		**4,314**	-
		6,334	115,326
Non-current assets			
Equipment		**-**	1,318
Right-of-use asset	**6**	**-**	65,120
		6,334	181,764
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**8**	**43,749**	59,277
Current portion of lease obligation liability	**6**	**-**	44,917
GST Payable		**-**	3,155
Interest payable	**4**	**-**	66,528
Short-term unsecured loans	**4, 11**	**143,438**	754,558
		187,187	928,435
Non-current liabilities			
Lease obligation liability	**6**	**-**	18,176
Unsecured loans	**4**	**-**	710,000
Interest payable	**4**	**-**	230,258
Decommissioning obligations	**8**	**-**	189,487
		187,187	2,076,356
SHAREHOLDERS' DEFICIT			
Share capital	**5**	**7,321,882**	5,566,387
Contributed surplus		**1,042,628**	1,042,628
Accumulated deficit		**(8,545,363)**	(8,503,607)
		(180,853)	(1,894,592)
		6,334	181,764

Nature of operations and continuance of operations (Note 1)
Subsequent events (Notes 5 and 12)

Approved by the Board of Directors:

(Signed) *Mahendra Naik* Director

(Signed) *Garrick Mendham* Director

INFINITUM COPPER CORP. (FORMERLY BAYSHORE PETROLEUM CORP.)

Consolidated Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian Dollars unless otherwise stated)

		Years ended December 31,	
		2021	2020
		$	$
REVENUE			
Technical services		**-**	247,000
		-	247,000
EXPENSES			
Accretion of decommissioning obligations		**1,476**	2,952
Bad debts expense	**7**	**42,375**	-
Contractors, consultant and staff		**21,060**	197,601
Depreciation of equipment		**1,318**	527
Depreciation of right of use asset	**6**	**24,707**	45,967
Derecognized liabilities	**8**	**(270,550)**	(45,966)
Office and administration		**42,872**	99,759
Oil and gas operating expenses		**2,309**	4,143
Professional, legal and advisory		**61,230**	30,251
Rent and occupancy	**6**	**68,944**	25,134
Tailings remediation project costs		**231**	13,571
		(4,028)	**126,939**
Recovery (Loss) before finance costs		**4,028**	(126,939)
Finance costs			
Accretion of convertible debt		**-**	(21,108)
Interest expense	**6**	**(37,090)**	(155,325)
Lease finance expense	**6**	**(8,694)**	(16,141)
Net loss and comprehensive loss		**(41,756)**	(319,513)
Loss per ordinary share			
Basic and diluted (per share)		**(0.01)**	(0.08)
Weighted average number of common shares Outstanding – basic and diluted *		**5,288,481**	4,163,041

* the weighted average number of common shares outstanding has been adjusted to reflect the 20:1 share consolidation that occurred subsequent to year-end, on February 18, 2022. (See Note 1)

INFINITUM COPPER CORP. (FORMERLY BAYSHORE PETROLEUM CORP.)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars unless otherwise stated)

	Number of shares	Share capital	Equity component of convertible debt	Contributed Surplus	Deficit	Total equity
	#	$	$	$	$	$
Balance at December 31, 2019	*82,360,815*	5,507,672	75,523	980,820	(8,184,094)	(1,620,079)
Issuance of common shares on exercise of stock options	*900,000*	58,715	-	(13,715)	-	45,000
Closing of equity component of convertible debt	-	-	(75,523)	75,523	-	-
Loss and comprehensive loss	-	-	-	-	(319,513)	(319,513)
Balance at December 31, 2020	*83,260,815*	5,566,387	-	1,042,628	(8,503,607)	(1,894,592)
Balance at December 31, 2020	*83,260,815*	5,566,387	-	1,042,628	(8,503,607)	(1,894,592)
Issuance of common shares on settlement of debt (Note 4)	*35,109,900*	1,755,495	-	-	-	1,755,495
Loss and comprehensive loss	-	-	-	-	(41,756)	(41,756)
Balance at December 31, 2021	***118,370,715***	**7,321,882**	**-**	**1,042,628**	**(8,545,363)**	**(180,853)**

***** subsequent to December 31, 2021, the Company's common shares were consolidated on a basis of 20:1 (see Note 1).

The accompanying notes are an integral part of these consolidated financial statements

INFINITUM COPPER CORP. (FORMERLY BAYSHORE PETROLEUM CORP.)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars unless otherwise stated)

	Note	Years ended December 31, 2021	2020
		$	$
Operating activities			
Net loss for the year		**(41,756)**	(319,513)
Adjustments for:			
Accretion of convertible debt		**-**	21,108
Accretion of decommissioning obligation		**1,476**	2,952
Bad debts expense		**42,375**	-
Depreciation of equipment		**1,318**	527
Depreciation of right of use asset		**24,707**	45,967
Derecognition of liabilities		**(270,550)**	(45,966)
Interest expense		**37,090**	-
Lease finance expense	**6**	**8,694**	16,141
Changes in non-cash working capital:			
Accounts receivable		**-**	10,476
Prepaid expenses		**18,842**	(5,220)
GST receivable		**561**	6,393
Accounts payable and accrued liabilities		**(5,380)**	(19,640)
GST Payable		**(3,155)**	3,155
Interest payable		**-**	155,325
Net cash used in operating activities		**(185,778)**	(128,295)
Financing activities			
Proceeds from unsecured loans	**4**	**169,938**	60,000
Repayment of lease liability	**6**	**(31,374)**	(62,748)
Issue of common shares		**-**	45,000
Net cash generated from financing activities		**138,564**	42,252
Net change in cash		**(47,214)**	(86,043)
Cash, beginning of the year		**49,234**	135,277
Cash, end of the year		**2,020**	49,234

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Infinitum Copper Corp. (formerly Bayshore Petroleum Corp.) (the "Company" or "Bayshore") was incorporated in Alberta, Canada under the Business Corporations Act and continued into British Columbia subsequent to year-end. The Company's registered office is located at 2900-595 Burrard Street, Vancouver, BC, V7X 1J5.

On June 25, 2021 (and amended on August 27, 2021, October 25, 2021 and subsequently on February 2, 2022), the Company and Infinitum Copper Mining Corp. (formerly Infinitum Copper Corp.) ("ICC") entered into an amalgamation agreement (the "Transaction"). Per the terms and conditions of the Transaction, the Company was required to dispose of all of its petroleum and natural gas assets, its tailing remediation technology and business, eliminate all of its current and long-term liabilities (except for the permitted shareholders' loan of $53,500), and terminate of all its contracts in relation thereto.

Pursuant to the terms and conditions of the Transaction, the Company consolidated its common shares on a basis of 20:1, so as to have 5,918,536 common shares outstanding immediately prior to closing of the Transaction; after which, the Company acquired all of the issued and outstanding common shares of ICC on a 1:1 basis. As a result of the Transaction, ICC became a wholly-owned subsidiary of the Company upon the completion of the Transaction on February 25, 2022.

For accounting purposes, the Transaction constitutes a reverse takeover ("RTO"), as the shareholders of ICC acquired control of the consolidated entity upon the completion of the Transaction. ICC is considered the acquiror and continuing entity, and the Company is the acquired entity. 2,204,166 common shares issued to certain of the Company's shareholders are in the process of being cancelled, and thus effectively, upon the cancellation of these shares, ICC will have issued 3,714,370 common shares to acquire the Company.

In connection with the completion of the RTO, the Company changed its name to Infinitum Copper Corp. and ICC changed its name to Infinitum Copper Mining Corp., effective on February 18, 2022.

The Company continues to be a reporting issuer in British Columbia and Alberta, and the Company's common shares were re-listed on the Exchange under the new symbol "INFI" effective March 16, 2022.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage. There are material uncertainties that cast significant doubt about the appropriateness of the going concern assumption.

The Company currently does not generate any revenue to cover ongoing operating and administrative costs and relies on related party loans and the issuance of share capital to fund ongoing operations. At December 31, 2021, the Company had an accumulated deficit of $8,545,363, a working capital deficit of $180,853 and a cash balance of $2,020. For the year ended December 31, 2021, the Company reported a loss of $41,756.

(Expressed in Canadian Dollars unless otherwise stated)

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS (CONTINUED)

The ability of the Company to continue as a going concern will depend on its ability to raise additional capital and achieve profitable operations sufficient to meet all obligations, the outcome of which is uncertain. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Although in the opinion of management, the use of the going concern assumption is appropriate, there can be no assurance that any steps management is taking will be successful.

These financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses and the balance sheet classifications that would be used if the going concern assumption was not appropriate. Such adjustments could be material.

Since February 2020, the coronavirus ("COVID-19") has caused a slowdown in the global economy and volatility in the global financial markets. Continuing rapid spread of COVID-19 may have an adverse effect on the Company's financial position, results of operations and cash flows in future periods.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements were approved by the board of directors for issue on April 28, 2022.

Basis of measurement

These financial statements have been prepared on a historical cost basis, which is generally based on the fair value of consideration given at the time of exchange.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities that the Company controls. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its authority over the investee. The existence and effect of potential voting rights are considered when assessing whether a company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. The Company's subsidiaries are:

Legal entity	Jurisdiction	% of ownership
Bayshore Oil Technology Corp.	Alberta, Canada	100%
1308039 B.C. Ltd.	British Columbia, Canada	100%

All inter-company transactions, balances and unrealized gains on transactions between the parent and subsidiary companies are eliminated on consolidation. During the year ended December 31, 2021, Bayshore Oil Technology Corp. did not earn any revenue or incur any expenses and had no active business. 1308039 B.C. Ltd. was the wholly owned subsidiary of the Company formed solely for the purpose of effecting the Transaction.

2. BASIS OF PRESENTATION (CONTINUED)

Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional currency.

Measurement uncertainty and use of estimates and judgments

In applying the Company's accounting policies, the preparation of financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ materially from these estimates due to changes in general economic conditions, changes in laws and regulations, changes in future operating plans and the inherent imprecision associated with estimates.

Significant estimates and judgments used in the preparation of these financial statements include:

- The fair value of the unsecured loans.
- The collectability of accounts receivable.
- The calculation of deferred income taxes requires judgment in applying tax laws and regulations, estimating the timing of temporary difference reversals, and estimating the realization of deferred tax assets.
- The calculation of decommissioning liabilities and accretion expense is based on management's estimates future inflation rates, current risk-free rates, future abandonment and reclamation expenditures and the anticipated timing of those expenditures.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Recognition and measurement

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are recognized initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Recognition and measurement (continued)

The following table lists the Company's financial instruments and its category of method of measurement subsequent to initial recognition:

Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Interest payable	Amortized cost
Unsecured loans	Amortized cost

Impairment

Financial assets classified as subsequently measured at amortized cost or fair value through other comprehensive income reflect the Company's assessment of expected credit losses. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. Expectations reflect historical credit losses, adjusted for forward looking factors.

The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition of the asset. If there has not been a significant increase in credit risk, the expected credit loss provision is based on expectations for the next twelve months. If there has been a significant increase in credit risk, the provision is based on expectations for the remaining lifetime of the asset.

Cash generating units ("CGU's")

Cash generating units ("CGU's") are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or group of assets. The classification of assets into cash generating units requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructure and the way in which management monitors the Company's operations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment ("PP&E")

Petroleum and natural gas properties

Items of PP&E, which include petroleum and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. PP&E assets include costs incurred in developing commercial reserves and bringing them into production, such as drilling of development wells, tangible costs of facilities and infrastructure construction, together with exploration & evaluation asset ("E&E assets") expenditures incurred in finding the commercial reserves that have been reclassified from E&E assets, the projected cost of retiring the assets and any directly attributable general and administrative expenses. Expenditures on developed oil and natural gas properties are capitalized to PP&E when it is probable that a future economic benefit will flow to the Company as a result of the expenditure and the cost can be reliably measured. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligations associated with the asset and borrowing costs on qualifying assets. When significant parts of an asset with PP&E, including oil and gas interests, have different useful lives, they are accounted for as separate items (major components).

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are recognized as capitalized oil and gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. Subsequent changes in estimated decommissioning obligation due to changes in timing, amounts, and discount rates are included in the cost of the asset. Such capitalized oil and gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day operating of PP&E are recognized in profit or loss as incurred.

Depletion

The net carrying amount of PP&E is depleted on a field by field unit of production method by reference to the ratio of production in the year to the related proven and probable reserves. If the useful life of the asset is less than the reserve life, the asset is depreciated over its estimated useful life using the straight-line method. Future development costs are estimated taking into account the level of development required to produce the proven and probable reserves. These estimates are reviewed by third party independent reserves engineers. Changes in factors such as estimates of reserves that affect unit-of-production calculations are dealt with on a prospective basis. Capital costs for assets under construction included in development and production assets are excluded from depletion until the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Disposals

Petroleum and natural gas properties are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on derecognition of the asset, including farm out transactions or asset sales or asset swaps, is calculated as the difference between the proceeds on disposal, if any, and the carrying value of the asset, is recognized in profit or loss in the period of derecognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment ("PP&E") (continued)

Office and other equipment

Office and other equipment are carried at cost less accumulated depreciation and impairment losses. Depreciation of the cost of these assets less residual value is charged to profit and loss on a straight-line basis over their estimated useful economic lives of between three and five years.

Impairment

The carrying amount of the Company's PP&E is tested for impairment at each reporting period when indicators of impairment exist, such as events and circumstances that indicate the carrying value may not be fully recoverable. The impairment is calculated as the excess of the carrying amount over the recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. The fair value is calculated by estimating the discounted pre-tax net cash flows based on forecasted commodity prices and future costs. Impairments are reversed when there is evidence that the impairment event and circumstances have been reversed.

Decommissioning obligations

The fair value of the liability for the Company's decommissioning obligations is recorded in the period it is incurred with a corresponding increase in the carrying value of PP&E. Fair value is estimated using the present value of the estimated future cash outflows to reclaim and abandon wells and facilities, using a risk-free interest rate. The liability is subsequently adjusted for accretion due to the passage of time and changes in the estimated future cash flows.

Leases

The Company does not enter into agreements which would require it to act as a lessor and therefore the policy describes the accounting for leases as a lessee only. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset ("RUA") and a lease liability at the lease commencement date. The RUA is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Any leasehold improvements are added to the related RUA.

The RUA is subsequently amortized using the straight-line method from the commencement date to the lesser of the end of the lease term or the useful life of the underlying asset. The RUA is reduced by any impairment losses, if any, and adjusted for remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease if readily determinable, or the Company's incremental borrowing rate. The lease payments include fixed and variable payments, residual value guarantees, and the exercise price under a purchase option that the Company is reasonably certain to exercise. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the expected future lease payments as a result of a revision to the lease term, for example. Remeasurements to the lease liability are reflected in the RUA to the extent that the carrying value of the RUA exceeds the adjustment, and to Other income (expense) in Net earnings/(loss) otherwise.

The Company does not recognize RUA's and lease liabilities for leases of low-value assets and short-term leases. Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compound financial instruments

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, losses and gains relating to the financial liability are recognized in profit or loss.

Share based payments

The Company follows the fair value method for recognition of all stock-based compensation arrangements. Under this method, stock-based compensation for options granted to employees, and others providing similar services, is based on the estimated fair value at the time of the grant. For stock options, the fair value is estimated using the Black-Scholes option-pricing model. Compensation costs are recognized over the vesting period of the stock options.

Revenue recognition

Revenues from the sale of crude oil, natural gas and refined petroleum products are recorded when the significant risks and rewards of ownership have passed to the buyer. This is usually when legal title passes to the external party which is generally at the time the product enters the truck or pipeline. Technical service revenues are recognized when services are rendered.

Income taxes

Current tax is the expected tax payable on the taxable income for the period using substantively enacted tax rates at the reporting date and any tax assessments related to prior years. Deferred tax assets and liabilities are determined based on the temporary differences between the carrying amount and income tax bases of assets and liabilities and are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in net income in the period in which the change is substantively enacted. To the extent that the Company does not consider it to be probable that a deferred tax asset will be recovered, it will not recognize a deferred tax asset.

Earnings per share

Per share information is calculated using the weighted average number of common shares outstanding during the fiscal year. The treasury stock method of calculating diluted per share amounts is used, whereby any proceeds from the exercise of dilutive stock options or other dilutive instruments are assumed to be used to purchase common shares of the Company at the average market price during the year.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2021 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

(Expressed in Canadian Dollars unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards and interpretations (continued)

Presentation of financial statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

4. UNSECURED LOANS

	December 31, 2021	December 31, 2020
	$	$
Balance, beginning of period	1,464,558	1,100,000
Proceeds from loan advances	169,938	65,000
Transferred from convertible debt	-	299,558
Settlement of unsecured loans by issuance of common shares	(1,484,558)	-
Derecognition of shareholders' loan and accrued interest	(6,500)	-
Balance, end of period	143,438	1,464,558
Current	143,438	754,558
Long-term	-	710,000
	143,438	1,464,558

At December 31, 2020, the Company had outstanding unsecured loans owing to former controlling shareholders in the aggregate principal balance of $1,464,558, and aggregate accrued interest owing in the amount of $296,786. These loans bore interest ranging from 5% to 15%, compounded annually.

On May 11, 2021, the Company settled the full amount of these outstanding shareholder loans, being $1,464,558, plus an additional $20,000 that had been advanced during the year, as well as $270,937 of accrued interest, by issuing 35,109,900 common shares.

During the year ended December 31, 2021, funds totaling $80,520 (inclusive of the $20,000 noted above) were advanced to the Company by the former Chairman of the Board and a former officer of the Company. In addition, funds of $89,418 were advanced by ICC. These advances, in the form of short-term loans, are non-interest bearing and are payable on demand.

Additional accrued interest and loans were derecognized pursuit to the Transaction agreements (see Note 8).

(Expressed in Canadian Dollars unless otherwise stated)

5. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common voting shares. A continuity of issued and outstanding share capital is included as part of the statement of changes in equity.

As at December 31, 2021, the Company had 118,370,715 common shares issued and outstanding.

Subsequent to December 31 2021, pursuant to the terms and conditions of the Transaction, the Company consolidated its common shares on a basis of 20:1, so as to have 5,918,536 common shares outstanding immediately prior to closing of the Transaction. 2,204,166 of the post-consolidation common shares issued to certain shareholders of the Company are in the process of being cancelled.

Share based payments

On March 14, 2022, the Board of Directors of the Company approved the adoption of a new Equity Incentive Plan (the "New Plan") based on the new share-based compensation policy adopted by the TSX Venture Exchange (the "TSXV. The New Plan is a 10% rolling plan for purposes of TSXV rules and contemplates the award of additional share-based compensation beyond stock options, including Deferred Share Units, Restricted Share Units, Performance Share Units, Share Appreciation Rights and Stock Purchase Rights. The New Plan is subject to the approval of the TSXV and the Company's shareholders. The Company plans to submit the New Plan for approval by its shareholders at its next annual general meeting.

The following table details the stock option transactions during the years ended December 31, 2021 and 2020:

	Number of Stock Options	Weighted average exercise price
	#	$
Balance, December 31, 2019	6,450,000	0.05
Exercised	(900,000)	0.05
Expired	(350,000)	0.12
Balance, December 31, 2020	5,200,000	0.05
Expired	(1,900,000)	0.05
Balance, December 31, 2021	3,300,000	0.05

The outstanding options of 3,300,000 were cancelled upon the completion of the Transaction in February 2022.

(Expressed in Canadian Dollars unless otherwise stated)

6. PREMISES LEASE

The Company's corporate office lease agreement was entered into during the second quarter of 2019 expiring May 31, 2022. The Company had recorded a right-of-use asset and offsetting lease obligation liability of $143,647 at the time of entering into the lease, measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates at the time of executing the lease which was estimated to be approximately 10%.

On August 15, 2021, the Company signed an agreement to terminate its lease and vacate the related premises by September 15, 2021 by paying $30,763. As related to the termination of the lease, a premises lease deposit of $8,342, previously presented as prepaid expenses, has been expensed.

Right-of-use assets

The continuity of the right-of-use assets as at December 31, 2021 and December 31, 2020 is as follows:

	December 31, 2021	December 31, 2020
	$	$
Right-of-use assets, beginning of year	65,120	111,087
Change to lease terms	(40,413)	-
Amortization	(24,707)	(45,967)
Right-of-use assets, end of year	-	65,120

Lease obligation

The continuity of the lease obligation as at December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
	$	$
Lease obligation recognized, beginning of year	63,093	109,700
Change to lease terms	(40,413)	-
Interest accretion	8,694	16,141
Lease payments	(31,374)	(62,748)
Lease obligation, end of year	-	63,093
Current lease obligation	-	44,917
Non-current lease obligation	-	18,176
Lease obligation, end of period	-	63,093

7. PROVISION FOR UNCOLLECTIBLE ACCOUNTS

At December 31, 2020, the Company was owed $94,500 from one customer. Due to the shortage of funding communicated by its customer, the Company had recorded a provision of $47,250 on this accounts receivable balance.

During the year ended December 31, 2021, the Company provided for the remainder of the balance of the receivable due to the uncertainty of collection, and wrote the amount off as bad debts expense.

8. DERECOGNIZED LIABILITIES

During the year ended December 31, 2021, the Company derecognized $79,588 (2020 - $45,966) in accounts payable, interest payable and related party loans. In the case of the amounts related to accounts payable and accrued liabilities, the Company's management had concluded that the related obligations had been extinguished due to the time period elapsed. The amounts related to interest payable and related party loans were extinguished pursuant to the terms of the Transaction (see Note 1).

In addition, as at December 31, 2021, the Company derecognized the entire amount of the decommissioning obligation, being $190,962.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

• Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

• Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including expected interest rates, share prices, and volatility factors, which can be substantially observed or corroborated in the marketplace.

• Level 3 – Valuation in this level are those with inputs for the asset or liabilities that are not based on observable market data.

The carrying values of accounts payable and accrued liabilities and unsecured loans approximate their fair values at December 31, 2021 due to their relatively short periods to maturity. Cash is a Level 1 fair value measurement.

The interest rate on related party loans may be lower than the expected market rate, therefore the fair value may be less than the carrying value and is considered a Level 3 fair value instrument. The difference is not considered material to the consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities and short-term loans are currently payable.

The Company has cash on hand of $2,020 as at December 31, 2021 available to fund its financial obligations.

In order to meet the Company's anticipated future working capital requirements, it will be required to attract additional funds through the issuance of debt, equity or other business means.

Interest rate risk

The Company is not exposed to interest rate risk as the Company's unsecured loans payable are non-interest bearing.

(Expressed in Canadian Dollars unless otherwise stated)

10. INCOME TAX

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the statutory income tax rate 24% (2020 – 24%), as follows:

	2021	2020
	$	$
Net loss for the year before income taxes	(41,756)	(319,513)
Statutory tax rate	24.00%	24.00%
Expected income tax recovery	(10,021)	(76,683)
Effect of deductible and non-deductible amounts	(35,179)	5,180
Change in rates	-	4,603
Change in valuation allowance	45,200	66,900
Net deferred income tax liabilities	-	-

Deferred tax assets have not been recognized in respect of the following items:

Balance as at December 31,	2021	2020
	$	$
Non-capital loss carry-forwards	1,339,000	1,226,200
Property and equipment	370,000	389,000
Decommissioning liabilities	-	43,600
Share issuance costs	4,000	9,000
	1,713,000	1,667,800
Valuation allowance	(1,713,000)	(1,667,800)
Net deferred income tax assets	-	-

The deductible temporary differences do not expire under current tax legislation. The benefit of these items has not been recognized in the consolidated financial statements. The Company's non-capital losses of $5,439,131 (2020 - $5,331,402) for income tax purposes expire between the years 2026 to 2041.

11. RELATED PARTY TRANSACTIONS

Key management compensation

Key management includes the Company's directors and senior management. This compensation is included in operating expenses. For the years ended December 31, 2021 and 2020 compensation to key management are as follows:

	2021	2020
	$	$
Senior management remuneration	12,200	79,280
Total	12,200	79,280

(Expressed in Canadian Dollars unless otherwise stated)

11. RELATED PARTY TRANSACTIONS (CONTIUNUED)

Unsecured loans and interest payable

As at December 31,	2021	2020
	$	$
Unsecured loans	54,020	1,236,632
Interest payables	-	296,786
Directors' fees payable	-	20,975
Total	54,020	1,554,393

During the year ended December 31, 2021, the Company incurred $37,090 (2020 - $145,638) of interest expense payable to related parties.

12. SUBSEQUENT EVENTS

(a) Common shares issued to Minaurum Gold Inc ("MGG")

On February 25, 2022, pursuant to a property option agreement between ICC and MGG, the Company issued 6,105,438 shares to MGG (equating to 16% of the outstanding shares of the Company on closing of the RTO). Such shares are subject to resale restrictions expiring as to 20% on closing and an additional 20% every three months thereafter over 12 months.

(b) Escrow shares

Following the closing of the RTO on February 25, 2022, the Company had a total of 40,863,155 common shares and 3,285,506 warrants outstanding. The number of common shares will be reduced to 38,158,989 upon the cancelation of 2,204,166 common shares held by former shareholders of the Company (see Note 1).

Of the common shares outstanding, a total of 8,792,602 were issued to "principals" and are subject to surplus escrow, to be released as to 5% on closing, 5% after six months, an additional 10% after 12 and 18 months, an additional 15% after 24 and 30 months, and the remaining 40% after 36 months; a total of 7,150,000 common shares held by non-principals are subject to value escrow, to be released as to 10% on closing and an additional 15% every six months thereafter over 36 months. Also, 39 non-principal shareholders holding an aggregate of 8,533,331 shares are subject to resale restrictions expiring as to 20% on closing and an additional 20% every month thereafter over four months.

(c) Grant of stock options, deferred share units and restricted share units

The Board of Directors of the Company approved the grant of an aggregate of 1,975,000 stock options to purchase common shares in the capital of the Company to certain directors, officers, employees, consultants, and advisors of the Company in accordance with the Company's Stock Option Plan. The stock options are exercisable at a price of $0.40 per common share for a term of five years, until March 15, 2027, vesting over 36 months as to 1/3 on March 16, 2023, 1/3 on March 16, 2024 and remaining on March 16, 2025.

The Board of Directors of the Company also approved the grant of an aggregate of 975,000 Deferred Share Units ("DSUs") to directors and 500,000 Restricted Share Units ("RSUs") to certain officers and advisors of the Company. The DSUs vest 24 months and RSUs vest 36 months from the grant date. Upon vesting, the DSUs and RSUs will be payable in common shares, or the cash equivalent, or any combination of common shares and cash, as determined by the Company.

12. SUBSEQUENT EVENTS (CONTINUED)

(c) Grant of stock options, deferred share units and restricted share units (continued)

All such grants are considered to be conditionally granted subject to applicable approvals.

(d) Assignment and Amending Agreement

On April 19, 2022, the Company entered into an Assignment and Amending Agreement whereby they assumed the rights and obligations of an option agreement to acquire a 100% interest in the HotBx Project in exchange for a cash payment of $203,135.

To exercise the option agreement, and acquire a 100% interest in the HotBx Project, the Company is required to make cash payments in the aggregate of $668,000, issue common shares in the aggregate of 3,125,000, and incur exploration expenditures in the aggregate of $5,500,000, in staged amounts, over the period of 60 months.