



## **INFINITUM COPPER CORP.**

**(Formerly Bayshore Petroleum Corp.)**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2022

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of 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 consolidated financial statements of Infinitum Copper Corp. have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Infinitum Copper Corp.'s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity's auditor.

Stephen Robertson  
President and CEO

Melinda Hsu, CPA CGA  
Chief Financial Officer

Vancouver, Canada  
May 26, 2022

# **INFINITUM COPPER CORP.**

**(Formerly Bayshore Petroleum Corp.)**

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# INFINITUM COPPER CORP.

(Formerly Bayshore Petroleum Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Note	March 31, 2022	December 31, 2021
<b>ASSETS</b>		\$	\$
<b>Current assets</b>			
Cash		1,927,468	2,812,783
GST receivable		20,885	7,098
Prepaid expenses		36,714	40,883
Due from related party	3, 6(b)	-	89,435
		1,985,067	2,950,199
<b>Non-current assets</b>			
Exploration and evaluation assets	4	2,740,509	198,334
VAT receivable		86,658	46,423
		2,827,167	244,757
<b>TOTAL ASSETS</b>		4,812,234	3,194,956
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	3, 6(b)	337,007	141,300
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	8,172,829	4,244,906
Reserves	5	87,718	56,952
Deficit		(3,785,320)	(1,248,202)
		4,475,227	3,053,656
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		4,812,234	3,194,956

*Nature of operations and continuance of operations (Note 1)*

*Subsequent events (10)*

**Approved by the Board of Directors:**

(Signed) Mahendra Naik Director

(Signed) Garrick Mendham Director

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

# INFINITUM COPPER CORP.

(Formerly Bayshore Petroleum Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS  
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Note	Three Months Ended March 31,	
		2022	2021
		\$	\$
<b>Exploration expenses</b>	4	328,550	-
<b>Administrative expenses</b>			
Accounting and audit		21,358	-
Consulting	6(a)	58,489	63,000
Filing and regulatory		74,597	-
Foreign exchange loss		11,250	1,035
Investor relations and travel		62,521	-
Legal fees	3	210,377	-
Listing expense	3	1,645,022	-
Management fees	6(a)	92,500	54,500
Office and general expense		7,339	105
Share-based compensation		25,115	-
		2,208,568	118,640
<b>Net loss for the period</b>		(2,537,118)	(118,640)
<b>Other comprehensive income</b>			
Exchange differences on translation to reporting currency		5,651	-
<b>Total comprehensive loss for the period</b>		(2,531,467)	(118,640)
<b>Loss per share, basic and diluted</b>		(0.08)	(0.31)
<b>Weighted average number of common shares outstanding</b>			
- basic and diluted		33,015,171	377,907

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

# INFINITUM COPPER CORP.

(Formerly Bayshore Petroleum Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Note	Common shares		Reserves			Total	Deficit	Total shareholders' equity
		Number of shares	Amount	Finder's warrants	Foreign exchange reserve	Share-based compensation			
		#	\$	\$	\$	\$	\$	\$	
<b>Balance as at December 31, 2020</b>		1	1	-	-	-	-	1	
Cancelation of seed share		(1)	(1)	-	-	-	-	(1)	
Shares issued per:									
Asset purchase agreement	5(b)	10,000,000	170,277	-	-	-	-	170,277	
Net loss for the period		-	-	-	-	-	(118,640)	(118,640)	
<b>Balance as at March 31, 2021</b>		10,000,000	170,277	-	-	-	(118,640)	51,637	
Shares issued per:									
Option agreement	5(b)	533,334	80,000	-	-	-	-	80,000	
Executive management compensation	5(b)	500,000	75,000	-	-	-	-	75,000	
Private placement	5(b)	17,305,847	4,089,006	-	-	-	-	4,089,006	
Share issue costs	5(b)	-	(169,377)	49,676	-	-	49,676	(119,701)	
Net loss for the period		-	-	-	-	-	(1,129,562)	(1,129,562)	
Other comprehensive income		-	-	-	7,276	-	7,276	7,276	
<b>Balance as at December 31, 2021</b>		28,339,181	4,244,906	49,676	7,276	-	56,952	(1,248,202)	3,053,656
Shares issued per:									
Reverse takeover ("RTO") *	3, 5(b)	5,918,536	1,485,748	-	-	-	-	1,485,748	
Option Agreement	4, 5(b)	6,105,438	2,442,175	-	-	-	-	2,442,175	
Share-based compensation		-	-	-	-	25,115	25,115	25,115	
Net loss for the period		-	-	-	-	-	(2,537,118)	(2,537,118)	
Other comprehensive income		-	-	-	5,651	-	5,651	5,651	
<b>Balance as at March 31, 2022</b>		40,363,155	8,172,829	49,676	12,927	25,115	87,718	(3,785,320)	4,475,227

\* 2,204,166 of common shares issued to certain of Bayshore Petroleum Corp. shareholders are in the process of being cancelled.

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

# INFINITUM COPPER CORP.

(Formerly Bayshore Petroleum Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31,	
	2022	2021
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(2,537,118)	(118,640)
Items not affecting cash:		
Foreign exchange	(4,643)	-
Share-based compensation	25,115	-
Listing expense	1,645,022	-
Changes in items of working capital		
GST receivable	(9,050)	-
Prepaid expenses	4,169	-
Accounts payable and accrued liabilities	130,302	117,500
<b>Net cash used in operating activities</b>	<b>(746,203)</b>	<b>(1,140)</b>
<b>Investing activities</b>		
Cash received from Asset Purchase Agreement	-	170,276
Cash received on the acquisition of BSH	1,394	-
Cash paid in connection with the acquisition of BSH	(10,565)	-
Expenditures on exploration and evaluation assets	(100,000)	(93,333)
VAT receivable	(39,076)	-
<b>Net cash (used in) generated by investing activities</b>	<b>(148,247)</b>	<b>76,943</b>
<b>Effect of foreign exchange on cash</b>	<b>9,135</b>	<b>-</b>
<b>Net (decrease) increase in cash</b>	<b>(885,315)</b>	<b>75,803</b>
<b>Cash – beginning of the period</b>	<b>2,812,783</b>	<b>-</b>
<b>Cash – end of the period</b>	<b>1,927,468</b>	<b>75,803</b>
<b>Supplemental disclosure with respect to cash flows:</b>		
Common shares issued pursuant to exploration and evaluation asset acquisitions	2,442,175	-
Common shares issued pursuant to the RTO transaction	1,485,748	-

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

# INFINITUM COPPER CORP.

(Formerly Bayshore Petroleum Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars, unless otherwise stated)*

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## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Infinitum Copper Corp. (formerly Bayshore Petroleum Corp.) (the “Company” or “INFI”) was incorporated in Alberta, Canada under the Business Corporations Act on October 16, 2003 under the name of Bayshore Petroleum Corp. (“Bayshore” or “BSH”). The Company changed its name to Infinitum Copper Corp. on February 18, 2022 and continued into British Columbia on February 25, 2022. The Company’s registered office is located at 2900-595 Burrard Street, Vancouver, BC, V7X 1J5.

Infinitum Copper Mining Corp. (formerly Infinitum Copper Corp.) (“Infinitum Copper” or “ICC”) was incorporated on April 21, 2020 under the name of Arabian Shield Resources Inc. and changed its name to Infinitum Copper Corp. on March 18, 2021. The Company is domiciled in Canada under the Business Corporations Act (British Columbia). Its registered office is located at 2900-595 Burrard Street, Vancouver, BC, V7X 1J5.

On February 25, 2022, BSH completed the acquisition of ICC pursuant to an amalgamation agreement dated June 25, 2021 (and amended on August 27, 2021, October 25, 2021 and February 2, 2022) (the “Transaction”). For accounting purposes, the Transaction constitutes a reverse takeover (“RTO”) (see Note 3).

In connection with the completion of the RTO, BSH changed its name to Infinitum Copper Corp. and ICC changed its name to Infinitum Copper Mining Corp. The Company continues to be a reporting issuer in British Columbia and Alberta, and the Company’s common shares were re-listed on the TSX Venture Exchange (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 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.

A summary of the Company’s working capital and its accumulated deficit is as follows:

	March 31, 2022	December 31, 2021
	\$	\$
Working capital	1,648,060	2,808,899
Deficit	(3,785,320)	(1,248,202)

Management’s plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed interim consolidated financial statements of financial position. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.



# INFINITUM COPPER CORP.

(Formerly Bayshore Petroleum Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS (Continued)

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 adversely affect the Company’s financial position, results of operations and cash flows in future periods.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2021, which were prepared in accordance with IFRS as issued by the IASB.

### (b) Basis of preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements were approved by the board of directors to issue on May 26, 2022.

In preparing these condensed interim consolidated financial statements, management has made judgments and estimates that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values.

The Company’s accounting policies and significant judgements and estimates applied in these condensed interim consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended December 31, 2021.

### (c) Significant accounting policies and critical accounting estimates

The Company’s significant account policies and critical accounting estimates can be read in Note 3 to ICC’s audited consolidated financial statements as at and for the year ended December 31, 2021.

### (d) Basis of consolidation

#### Subsidiaries

The condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its “subsidiaries”). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company’s subsidiaries are:

	% of Ownership	Jurisdiction	Principle Activity
Exploraciones Margaritas, S.A.P.I de C.V.	100%	Mexico	Exploration
Infinitum Copper Mining Corp.	100%	Canada	Exploration
Bayshore Oil Technology Corp.*	100%	Canada	Holding Company

\* Subsequent to the quarter ended March 31, 2022, Bayshore Oil Technology Corp. was voluntarily dissolved on May 19, 2022.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars, unless otherwise stated)*

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## 2. BASIS OF PREPARATION *(Continued)*

### (d) **Basis of consolidation** *(Continued)*

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

#### Inter-company balances and transactions

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

## 3. REVERSE TAKEOVER TRANSACTION

Effective February 25, 2022, BSH completed its acquisition of ICC and issued 28,339,181 common shares to acquire all of the issued and outstanding common shares of ICC.

For accounting purposes, the Transaction constitutes a reverse takeover, as the shareholders of ICC acquired control of the consolidated entity upon the completion of the Transaction. The reverse takeover does not constitute a business combination under IFRS 3 and is being accounted for as a capital transaction in accordance with IFRS 2, *Share-based payments*. ICC is treated as the accounting parent (legal subsidiary), and BSH is treated as the accounting subsidiary (legal parent) on closing of the Transaction, subject to a deemed issuance of shares and re-capitalization of the Company's equity.

As ICC was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed interim consolidated financial statements at their historical carrying values. BSH's results of operations have been included from February 25, 2022, the date of completion of the Transaction.

Pursuant to the terms and conditions of the Transaction, BSH consolidated its common shares on the basis of 20:1 to have 5,918,536 common shares outstanding immediately prior to the closing of the Transaction; of which, 2,204,166 common shares issued to certain of BSH's shareholders are in the process of being canceled, and thus effectively, upon the cancelation of these shares, ICC will have deemed issued 3,714,370 common shares to acquire BSH.

The acquisition of BSH is accounted for as 3,714,370 common shares deemed issued at the fair value of \$0.40 per share to acquire the net identifiable assets and liabilities of BSH. This \$1,485,748 equity consideration is allocated to BSH's net identifiable assets and liabilities with the residual accounted for as a listing expense on the condensed interim consolidated statement of net loss and comprehensive loss.

Pursuant to the terms of the Transaction, ICC advanced \$100,000 to BSH to pay towards the expenses in connection with the closing of the RTO.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

## 3. REVERSE TAKEOVER TRANSACTION (“RTO”) (Continued)

The total purchase price has been allocated as follows:

	\$
Fair value of consideration – 3,714,370 common shares	1,485,748
Amounts advanced to BSH by ICC	100,000
	<u>1,585,748</u>
Identifiable net liabilities of BSH acquired by ICC:	
Cash	1,394
GST receivable	4,737
Accounts payable and accrued liabilities	(65,405)
Total fair value of identifiable net liabilities acquired by ICC	<u>(59,274)</u>
Listing expense	<u>1,645,022</u>

In addition, the Company incurred \$30,000 of filing fees and \$205,515 of legal fees in connection with the reverse takeover Transaction recognized in the condensed interim consolidated statements of net loss and comprehensive loss during the three months ended March 31, 2022.

## 4. EXPLORATION AND EVALUATION ASSETS (“E&E”)

### (a) La Adelita property, Mexico

On February 22, 2021, the Company signed an option agreement (the “Option Agreement”) with Minaurum Gold Inc. (“MGG”) where the Company can option into 80% interest of the La Adelita Property.

Pursuant to the Option Agreement, the Company is required to:

- a) issue 200,000 common shares to the original owner of the La Adelita Property (issued; see Note 5(b));
- b) issue to MGG common shares totaling 16% of its post-initial public offering shares outstanding while raising a minimum of \$4,000,000. (6,105,438 common shares were issued to MGG at a deemed share price of \$0.40 per share on February 25, 2022);
- c) make the following cash payments:
  - i. \$50,000 upon signing the Option Agreement (paid);
  - ii. \$43,333 reimbursement for the mining taxes (paid);
  - iii. \$25,000 by August 22, 2021 (paid); and
- d) incur \$3 million in work expenditures over five years.

Pursuant to the Option Agreement, the Company made a cash payment of \$100,000 during the three months ended March 31, 2022 to MGG as the Company extended the timeframe of completing its RTO by six months.

MGG's 20% retained interest will be carried until the Company carries out a total of \$4.75 million in work expenditures, along with completing both a mineral resource calculation, in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects, and a preliminary economic assessment.

The original owner retains a 2% net smelter royalty on the La Adelita Property.

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(Unaudited, expressed in Canadian dollars, unless otherwise stated)

## 4. EXPLORATION AND EVALUATION ASSETS (“E&E”) (Continued)

### (b) Saudi Arabia mining investment license, Saudi Arabia

On March 19, 2021, the Company signed an asset purchase agreement (the “Asset Purchase Agreement”) with Arabian Shield Resources Limited (“ASRL”) whereby the Company issued 10,000,000 common shares to the shareholders of ASRL in exchange for \$170,276 (US\$135,000) and Saudi Arabia Mining Investment License valued at \$1.

### (c) E&E expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or asset acquisition which are recognized as assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statement of comprehensive loss.

<b>Exploration and evaluation assets</b>	<b>La Adelita (Mexico)</b>	<b>Saudi Arabia License</b>	<b>Total</b>
Acquisition costs	\$	\$	\$
Balance, as of January 1, 2021	-	-	-
Addition during the period	198,333	1	198,334
Balance, as of December 31, 2021	198,333	1	198,334
Addition during the period	2,542,175	-	2,542,175
Balance, as of March 31, 2022	2,740,508	1	2,740,509

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(Unaudited, expressed in Canadian dollars, unless otherwise stated)

## 4. EXPLORATION AND EVALUATION ASSETS (“E&E”) (Continued)

### (c) E&E expenditures (Continued)

	La Adelita (Mexico)	Saudi Arabia License	Total
	\$	\$	\$
<b>Mineral exploration expenses for the three months ended March 31, 2021</b>	-	-	-
<b>Mineral exploration expenses for the three months ended March 31, 2022</b>			
Assey and analyses	57,134		57,134
Consulting and reporting	25,192	-	25,192
Geophysical	40,447		40,447
Mineral taxes	74,067	-	74,067
Surface access	-	-	-
Geology and exploration	131,710	-	131,710
Other property related expenses	-	-	-
	328,550	-	328,550
<b>Cumulative mineral exploration expenses up to March 31, 2022</b>			
Assey and analyses	82,720		82,720
Consulting and reporting	49,086	-	49,086
Geophysical	40,447		40,447
Mineral taxes	129,084	-	129,084
Surface access	38,900	-	38,900
Geology and exploration	412,704	-	412,704
Other property related expenses	13,247	-	13,247
	766,188	-	766,188

## 5. SHARE CAPITAL

### (a) Authorized

As of March 31, 2022 and December 31, 2021, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

# INFINITUM COPPER CORP.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars, unless otherwise stated)*

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## 5. SHARE CAPITAL *(Continued)*

### (b) Share issuances

#### For the year ended December 31, 2021

On March 19, 2021, the Company issued 10,000,000 common shares at a value of \$170,277 pursuant to the Asset Purchase Agreement (Note 4(b)).

On April 6, 2021, the Company issued 200,000 common shares at a value of \$30,000 pursuant to the Option Agreement (Note 4(a)).

On April 6, 2021, the Company issued 333,334 common shares at a value of \$50,000 as a finder's fee to a director for his effort in locating the La Adelita property.

On May 13, 2021, the Company issued 500,000 common shares to its Chief Executive Officer at a value of \$75,000 pursuant to the Executive Management Agreement dated May 13, 2021.

On July 5, 2021, the Company completed a non-brokered private placement by issuing 7,600,070 common shares at a price of \$0.15 per common share for gross proceeds of \$1,140,011.

On July 15, 2021, the Company completed another non-brokered private placement by issuing 3,733,263 common shares at a price of \$0.15 per common share for gross proceeds of \$559,989.

On September 20, 2021, the Company completed the first tranche of a non-brokered private placement by issuing 1,087,500 units ("Units") at a price of \$0.40 per Unit for gross proceeds of \$435,000. Each Unit consists of one common share and one-half of one warrant. Each whole warrant is exercisable into a common share at \$0.60 for two years until September 20, 2023. In connection of this first tranche of the private placement, the Company paid \$6,650 cash finder's fees and issued 16,625 finder's warrants, whereby each finder's warrant is exercisable into a common share at \$0.60 until September 20, 2023.

On September 24, 2021, the Company completed the second tranche of the private placement by issuing 2,487,500 Units at a price of \$0.40 per Unit for gross proceeds of \$995,000. The warrants associated with this tranche expire on September 24, 2023. In connection of this second tranche, the Company paid \$69,650 cash finder's fees and issued 174,125 finder's warrants, whereby each finder's warrant is exercisable into a common share at \$0.60 until September 24, 2023.

On October 7, 2021, the Company completed the third tranche of the private placement by issuing 2,072,500 Units at a price of \$0.40 per Unit for gross proceeds of \$829,000. The warrants associated with this tranche expire on October 7, 2023. In connection of this third tranche, the Company paid \$37,590 cash finder's fees and issued 93,975 finder's warrants, whereby each finder's warrant is exercisable into a common share at \$0.60 until October 7, 2023.

On October 25, 2021, the Company completed the fourth tranche of the private placement by issuing 325,014 Units at a price of \$0.40 per Unit for gross proceeds of \$130,006. The warrants associated with this tranche expire on October 25, 2023. In connection of this fourth tranche, the Company paid \$5,810 cash finder's fees and issued 14,525 finder's warrants, whereby each finder's warrant is exercisable into a common share at \$0.60 until October 25, 2023.

As such, the total issued and outstanding number of the Company's common shares was 28,339,181 as of December 31, 2021.

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(Formerly Bayshore Petroleum Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars, unless otherwise stated)*

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## 5. SHARE CAPITAL *(Continued)*

### (b) Share issuances *(Continued)*

#### **For the three months ended March 31, 2022**

##### *Common shares in connection with RTO*

Pursuant to the terms and conditions of the Transaction, BSH 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 such common shares issued to certain BSH shareholders are in the process of being cancelled, and thus effectively, ICC was deemed to have issued 3,714,370 common shares at \$0.40 per share to acquire net identifiable liabilities of BSH.

##### *Common shares issued to MGG*

On February 25, 2022, pursuant to the Option Agreement (Note 4(a)), ICC issued 6,105,438 shares to MGG (equating to 16% of the outstanding shares of ICC 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.

##### *Escrow shares*

Following the closing of the RTO on February 25, 2022, ICC 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 certain BSH shareholders.

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) New equity incentive plan

On March 14, 2022, the Board of Directors of ICC approved the adoption of a new equity incentive plan (the "New Plan") based on the new share-based compensation policy adopted by 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. ICC plans to submit the New Plan for approval by its shareholders at its next annual general meeting.

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## 5. SHARE CAPITAL *(Continued)*

### (d) Deferred share units (“DSUs”) and restricted share units (“RSUs”)

On March 16, 2022, the Company granted an aggregate of 975,000 DSUs to the Company’s directors and 500,000 RSUs to certain officers and advisors of the Company in accordance with the New Plan. The DSUs vest 24 months and RSUs vest 36 months plus one day 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.

The compensation expense was calculated using the fair value method based on the trading price of the Company’s shares on the grant date. As such, these DSUs and RSUs were valued at \$0.40 per units and during the three months ended March 31, 2022, the Company recorded share-based compensation of \$8,003 in connection with DSUs and \$2,736 in connection with RSUs.

### (e) Stock options

On March 16, 2022, the Company granted an aggregate of 1,975,000 stock options to purchase common shares in 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 fair value of each option granted was estimated on the date of grant using the Black-Scholes pricing model. The Company estimated the volatility of the underlying common shares by analyzing the Company’s volatility as well as the volatility of peer group public companies with similar corporate structure, E&E assets and size. The fair value of each option granted on March 16, 2022 was estimated at \$0.29 and the Company recorded \$14,376 of the share-based compensation for the three months ended March 31, 2022 with the following assumptions:

	2022
Risk-free interest rate	2.02%
Expected life (in years)	5.0
Annualized volatility	93%
Share price (\$)	\$0.40
Exercise price (\$)	\$0.40
Fair value of options granted (\$)	\$0.29
Forfeiture rate and dividend rate	-

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## 5. SHARE CAPITAL (Continued)

### (f) Warrants

During the three months ended March 31, 2022, there were no warrants granted, exercised and expired. The continuity of warrants for the three months ended March 31, 2022 and the year ended December 31, 2021 is as follows:

Expiry date	Exercise price	December 31, 2020	Issued	Exercised	Expired	December 31,
						2021 and March 31, 2022
	\$	#	#	#	#	#
September 20, 2023	0.60	-	543,750	-	-	543,750
September 24, 2023	0.60	-	1,243,750	-	-	1,243,750
October 7, 2023	0.60	-	1,036,250	-	-	1,036,250
October 25, 2023	0.60	-	162,506	-	-	162,506
Warrants outstanding		-	2,986,256	-	-	2,986,256
Weighted average exercise price	\$	-	\$ 0.60	\$	-	\$ - \$ 0.60

As of March 31, 2022, the weighted average contractual remaining life of warrants is 1.48 (December 31, 2021 – 1.73 years).

### (g) Finder's warrants:

During the three months ended March 31, 2022, there were no finder's warrants granted, exercised and expired. The continuity of finder's warrants for the three months ended March 31, 2022 and the year ended December 31, 2021 is as follows:

Expiry date	Exercise price	December 31, 2020	Issued	Exercised	Expired	December 31,
						2021 and March 31, 2022
	\$	#	#	#	#	#
September 20, 2023	0.60	-	16,625	-	-	16,626
September 24, 2023	0.60	-	174,125	-	-	174,125
October 7, 2023	0.60	-	93,975	-	-	93,975
October 25, 2023	0.60	-	14,525	-	-	14,525
Finder's warrants outstanding		-	299,250	-	-	299,251
Weighted average exercise price	\$	-	\$ 0.60	\$	-	\$ - \$ 0.60

As of March 31, 2022, the weighted average contractual remaining life of warrants is 1.48 (December 31, 2021 – 1.73 years).

The weighted average assumptions used to estimate the fair value of finder's warrants for the year ended December 31, 2021 were 98% of expected stock price volatility, 0.43% - \$0.49% of risk-free interest rate, 2 years of expected life of warrants and 0% of forfeiture rate.

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## 6. RELATED PARTY TRANSACTIONS

### (a) Key management compensation

Key management includes the Company's directors and senior management. During the three months ended March 31, 2022 and 2021, the following compensation and benefit were paid to or accrued for the key management personnel and entities over which they have control or significant influence:

	Three months ended March 31,	
	2022	2021
	\$	\$
Senior management remuneration <sup>(1)</sup>	92,500	54,500
Directors' consulting fees <sup>(2)</sup>	15,000	63,000
Share-based compensation <sup>(3)</sup>	15,100	-
	122,600	117,500

(1) of which \$70,000 (2021 - \$Nil) was paid to a private company controlled by the Company's chief executive officer (the "CEO") and \$22,500 (2021 - \$22,500) was paid to a private company controlled by the Company's chief financial officer (the "CFO"). In 2021, the Company also paid \$32,000 to the prior CEO.

(2) paid to a private company controlled by certain directors for consulting and rent.

(3) fair value assigned to granted options, DSUs and RSUs during the three months ended March 31, 2022

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### (b) Due from (to) related parties

#### Due from Bayshore Petroleum Corp.

Pursuant to the Amalgamation Agreement with BSH (see Notes 1 and 3), ICC advanced \$100,000 as at to pay towards the expenses of BSH in connection with the closing of the Transaction. As of March 31, 2022, this amount is included within the intercompany loans of ICC and BSH.

#### Due to related parties

Pursuant to the Amalgamation Agreement (see Notes 1 and 3), certain shareholders of BSH were permitted to retain loans of \$53,500 under certain terms and conditions. These amounts are included in accounts payable and accrued liabilities on March 31, 2022.

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## 7. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties. Geographic information is as follows:

	March 31, 2022	December 31, 2021
Balance as at	\$	\$
Non-current assets		
Mexico	2,827,166	244,756
Saudi Arabia	1	1
	2,827,167	244,757

  

	Three months ended March 31, 2022	2021
Mineral exploration expenses	\$	\$
Mexico	328,550	-
	328,550	-

## 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada and Mexico; accordingly, the Company believes it is not exposed to significant credit risk.

### (b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As of March 31, 2022, the Company had a cash balance of \$1,927,468 (December 31, 2021 - \$2,812,783) to settle current liabilities of \$337,007 (December 31, 2021 - \$141,300).

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## **8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)***

### **(d) Currency risk**

The Company's property interest in Mexico makes it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and the Mexican pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately 1,977,000 Mexican pesos as of March 31, 2022. A 1% change in the absolute rate of exchange in Mexican pesos would affect its net loss by approximately \$1,227.

### **(e) Fair value measurement**

IFRS 7 establishes financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any financial assets measured at fair value.

## **9. CAPITAL MANAGEMENT**

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

## **10. SUBSEQUENT EVENTS**

### **(a) Hot Breccia project, USA**

On April 19, 2022, the Company entered into an Assignment and Amending Agreement (the "Agreement") whereby the Company assumed the rights and obligations of an option agreement to acquire a 100% interest in the Hot Breccia Project in exchange for a cash payment of \$256,544 (US \$203,135).

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## 10. SUBSEQUENT EVENTS *(Continued)*

### **(a) Hot Breccia project, USA *(Continued)***

To exercise the option agreement, and acquire a 100% interest in the Hot Breccia Project, the Company is required to:

- a) make cash payments in the aggregate of \$598,000:
  - i. \$123,000 on or before December 6, 2022;
  - ii. \$100,000 on or before December 6, 2023;
  - iii. \$100,000 on or before December 6, 2024; and
  - iv. \$275,000 on or before December 6, 2025
- b) Issue and deliver an aggregate of 3,125,000 of the Company's common shares as follows:
  - i. 625,000 shares upon the TSX-V approval (issued on May 9, 2022);
  - ii. 125,000 shares on December 6, 2022;
  - iii. 250,000 shares on December 6, 2023;
  - iv. 500,000 shares on December 6, 2024;
  - v. 875,000 shares on December 6, 2025; and
  - vi. 750,000 shares on December 6, 2026
- c) incur exploration expenditures in the aggregate of \$5,500,000 over the period of five years.

### **(b) Appointment of new CFO, grant options and DRUs**

Effective May 11, 2022, the Company appointed a new CFO and Corporate Secretary. The prior CFO and Corporate Secretary has stepped down to pursue other business opportunities, but continues to serve as a Director on the Company's board.

The Company granted 100,000 stock options to purchase common shares of the Company to the new CFO, exercisable at a price of \$0.40 per common share for a term of five years until May 9, 2027, vesting over 36 months as to 1/3 on May 9, 2023, 1/3 on May 9, 2024 and remaining on May 9, 2025. The Company also granted 100,000 RSUs vesting 36 months plus one day from the grant date on May 9, 2022.