

Unaudited Interim Condensed Consolidated Financial Statements

BAYSHORE PETROLEUM CORP.

For the three and six months ended June 30, 2021 and 2020

BAYSHORE PETROLEUM CORP.**Unaudited Interim Condensed Consolidated Statements of Financial Position**

Canadian Dollars unless otherwise stated

	Note	As at June 30, 2021	As at December 31, 2020
ASSETS		\$	\$
Current assets			
Cash		4,750	49,234
Accounts receivable		-	47,250
Prepaid expenses		8,341	18,842
GST receivable		1,585	-
		<u>14,676</u>	<u>115,326</u>
Non-current assets			
Property, plant and equipment		-	1,318
Right-of-use asset		42,136	65,120
		<u>56,812</u>	<u>181,764</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	32,045	64,277
Current portion of lease obligation liability		40,413	44,917
Interest payable	5	6,408	66,528
GST payable		-	3,155
Short term unsecured loans	4,5	117,000	749,558
		<u>195,866</u>	<u>928,435</u>
Non-current liabilities			
Lease obligation liability		-	18,176
Unsecured loans	4,5	-	710,000
Interest payable	4,5	-	230,258
Decommissioning obligations	6	190,962	189,487
		<u>386,828</u>	<u>2,076,356</u>
SHAREHOLDERS' DEFICIT			
Share capital	7	7,321,882	5,566,387
Equity component of convertible debt		-	-
Contributed surplus		1,042,628	1,042,628
Accumulated deficit		(8,694,526)	(8,503,607)
		<u>(330,016)</u>	<u>(1,894,592)</u>
		<u>56,812</u>	<u>181,764</u>
Going concern	2		

APPROVED ON BEHALF OF THE BOARD:**"Peter Ho" Director****"Chan Po Kwong" Director**

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

BAYSHORE PETROLEUM CORP.**Unaudited Interim Condensed Consolidated Statements of Net Loss and Comprehensive Loss**

Canadian Dollars unless otherwise stated

	Three months ended		Six months ended	
	June 30		June 30	
Note	2021	2020	2021	2020
	\$	\$	\$	\$
REVENUE				
Technical testing services	-	-	-	90,000
	-	-	-	90,000
EXPENSES				
Contractors, consultants, and staff	1,200	42,455	19,060	118,671
Bad debts expense	(2,625)	-	42,375	-
Professional, legal and advisory	11,770	10,309	11,770	11,059
Office and administration	21,494	15,560	39,425	47,816
Oil and gas operating expenses	(1,263)	286	1,029	1,136
Technology development	-	9,829	230	11,490
Depreciation of property, plant and equipment	-	132	1,318	265
Depreciation of right of use asset	11,492	11,492	22,983	22,984
Accretion of decommissioning obligations	7 738	738	1,476	1,476
Loss from operations	(42,806)	(90,801)	(139,666)	(124,897)
Finance costs				
Accretion of convertible debt	5 -	(5,248)	-	(10,496)
Lease finance expense	(4,401)	(3,984)	(8,694)	(7,870)
Interest expense	(2,440)	(38,567)	(42,559)	(76,953)
Loss before income tax	(49,647)	(138,600)	(190,919)	(220,216)
Income tax	-	-	-	-
Net loss and comprehensive loss	(49,647)	(138,600)	(190,919)	(220,216)
Loss per ordinary share				
Basic and diluted (per share)	-	-	-	-

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BAYSHORE PETROLEUM CORP.**Unaudited Interim Condensed Consolidated Statements of Changes in Equity**

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 options	900,000	58,715	-	(13,715)	-	45,000
Net loss and comprehensive loss	-	-	-	-	(220,216)	(220,216)
Balance at June 30, 2020	83,260,815	5,566,387	75,523	967,105	(8,404,310)	(1,795,295)
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 conversion of debt	35,109,900	1,755,495	-	-	-	1,755,495
Net loss and comprehensive loss	-	-	-	-	(190,919)	(190,919)
Balance at June 30, 2021	118,370,715	7,321,882	-	1,042,628	(8,694,526)	(330,016)

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

BAYSHORE PETROLEUM CORP.**Unaudited Interim Condensed Consolidated Statements of Cash Flows**

Canadian Dollars unless otherwise stated

	Note	Three months ended		Six months ended	
		2021	June 30 2020	2021	June 30 2020
		\$	\$	\$	\$
Operating activities					
Net loss for the period		(49,647)	(138,600)	(190,919)	(220,216)
Adjustments for:					
Depreciation of right-of-use assets		11,492	11,492	22,983	22,983
Amortization of property, plant and equipment		-	132	1,318	265
Accretion of decommissioning obligation		738	738	1,476	1,476
Accretion of convertible debt		-	5,248	-	10,496
Lease finance expense		4,401	3,984	8,694	7,870
Interest expense		1,332	38,567	41,059	76,953
Changes in non-cash working capital:					
Prepaid expenses		-	-	10,501	5,280
Accounts receivable		-	-	47,250	(34,535)
Interest payable		750	-	1,500	-
GST receivable		(1,405)	(1,176)	(4,740)	2,554
Accounts payable and accrued liabilities		(19,940)	25,728	(32,232)	(25,528)
Net cash utilized in operating activities		(52,279)	(53,887)	(93,110)	(152,402)
Financing activities					
Repayment of lease liability		(15,687)	(15,677)	(31,374)	(31,364)
Increase in related party loans		57,000	25,000	80,000	25,000
Issue of common shares		-	45,000	-	45,000
Loan payment		-	-	-	-
Net cash generated from (used in) financing activities		41,313	54,323	48,626	38,636
Net change in cash		(10,966)	436	(44,484)	(113,766)
Cash and cash, beginning of the period		15,716	21,075	49,234	135,277
Cash and cash, end of the period		4,750	21,511	4,750	21,511

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

BAYSHORE PETROLEUM CORP.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2021

Canadian Dollars unless otherwise indicated

1. NATURE OF BUSINESS

Bayshore Petroleum Corp. (“Bayshore” or the “Company”) is incorporated in Alberta, Canada under the Business Corporations Act. Bayshore’s common shares are listed on the TSX Venture Exchange (“Exchange”) under the symbol “BSH”. The address of the Company’s corporate and registered office is Suite 340, 600 Crowfoot Crescent NW, Calgary, Alberta, T3G 0B4. The Company is an early-stage oil and gas company with a plan to advance, though collaboration with industry partners, an innovative bitumen and heavy oil upgrading project (“Pilot Project”) located in western Canada.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis, which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations.

The Company currently does not generate enough revenue to cover ongoing operating and administrative costs and relies on related party loans and the issuance of share capital to fund ongoing operations. For the six months ended June 30, 2021, cash used in operating activities was \$93,110 and the Company had an accumulated deficit of \$8,694,526 at June 30, 2021. The Company reported a year to date loss of \$190,919. At June 30, 2021, the Company had negative working capital of \$181,190 and a cash balance of \$4,750.

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. The Company is in ongoing discussions with the controlling shareholder of Bayshore on ensuring the Company’s maintains sufficient working capital to advance the pilot project initiative. During the second quarter additional financing and investment was obtained from the controlling shareholder who exercised options and an executive officer who exercised options and provided an unsecured loan to the Company.

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.

Impact of COVID-19

Since the first quarter of 2020, the financial markets continue to be negatively impacted by the COVID-19 outbreak which was declared a pandemic by the World Health Organization on March 12, 2020. Global oil prices have fallen by approximately 50% since December 31, 2019, partially due to reduced demand associated with the outbreak of COVID-19 and partially to the commercial and geopolitical conflicts among major oil producing countries. The extent to which COVID-19 may impact Bayshore’s results in terms of the ability to source financings, will depend on future developments, which are highly uncertain and cannot be predicted. COVID-19 may impact the measurement of fair value for certain financial statement items, however, whether an adjustment is required depends on the timing of the impact to an item’s fair value. The Company tests its non-financial assets for recoverability whenever events or changes in circumstances indicate that a non-financial asset’s carrying amount may not be recoverable.

BAYSHORE PETROLEUM CORP.
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
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3. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared by management in accordance with International Accounting Standard 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

In preparing these unaudited condensed interim financial statements, the significant accounting policies and significant judgements made by management in applying the accounting policies are the same as those disclosed in the annual audited financial statements as at and for the year ended December 31, 2020. It is therefore recommended that these unaudited condensed interim financial statements should be read in conjunction with those annual audited financial statements and the notes thereto.

These unaudited condensed interim financial statements were approved by the Board of Directors on October 12, 2021.

Basis of consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiary. 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. Bayshore Petroleum Corp. and the following legal entity is within the Bayshore Group of Companies:

Legal entity	Incorporation Date	Registered	Ownership interest at June 30, 2021
Bayshore Oil Technology Corp.	May 24, 2019	Canada	100%

All inter-company transactions, balances and unrealized gains on transactions between the parent and subsidiary companies are eliminated on consolidation.

Functional and presentation currency

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

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.

BAYSHORE PETROLEUM CORP.**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

For the three and six months ended June 30, 2021

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4. UNSECURED LOANS

	June 30, 2021	December 31, 2020
	\$	\$
Balance, beginning of period	1,459,558	1,100,000
Proceeds from loan advances	80,000	60,000
Transferred from convertible debt	-	299,558
Settlement of unsecured loans by issuance of common shares	(1,422,558)	-
Balance, end of period	<u>117,000</u>	<u>1,459,558</u>
Current	117,000	749,558
Long-term	-	710,000
	<u>117,000</u>	<u>1,459,558</u>

During the year ended December 31, 2020, a company wholly owned by an executive officer of Bayshore advanced \$60,000 to Bayshore. The loan attracts interest at a rate of 5% and matures on March 31, 2022. Interest is payable annually with the first payment due March 31, 2021. Interest payable of \$6,408 is included as a current liability at June 30, 2021.

During the six months ended June 2021, funds totaling \$60,000 were advanced to the Company by the Chairman of the Board and an officer of the Company. In addition, funds of \$20,000 were advanced by a third party. These advances, in the form of short-term loans, are non-interest bearing and are payable on demand.

During the three months ended June 30, 2021, the Company settled \$1,422,558 of shareholder loans and \$332,937 of accrued interest by issuing 35,109,900 common shares.

5. RELATED PARTY LOANS

The following unsecured loans and related loan interest balances are payable to the Chairman of the Board.

	June 30, 2021	December 31, 2020
	\$	\$
Unsecured loans	-	1,100,000
Interest payable	-	295,847
Balance,	<u>-</u>	<u>1,395,847</u>

The following balances were payable to an executive officer and director of the Company and a company controlled by the executive officer.

	June 30, 2021	December 31, 2020
	\$	\$
Accounts payable and accrued liabilities	5,000	5,000
Unsecured loans	97,000	131,632
Interest payable	2,439	939
Balance,	<u>104,439</u>	<u>137,571</u>

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The following balances were payables to certain directors of the Company for director fees included in accounts payable and accrued liabilities.

	June 30, 2021	December 31, 2020
	\$	\$
Balance,	<u>7,500</u>	<u>20,975</u>

6. DECOMMISSIONING OBLIGATIONS

The total future decommissioning obligations were estimated based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future years.

At June 30, 2021, the estimated total undiscounted amount adjusted for inflation required to settle the decommissioning obligations was \$209,852 (December 31, 2020– \$209,852).

Balance, beginning of year	189,487
Accretion	<u>1,476</u>
Balance, June 30, 2021	<u>190,962</u>

7. SHARE CAPITAL

Stock options

The Company's stock option plan is a "fixed" plan. Under the fixed plan, the maximum number of shares reserved for issuance under and subject to the plan is 118,370,715, being 10% of the issued and outstanding common shares of the Company at June 30, 2021.

The following table details the stock option transactions during the period:

	Number of Shares reserved for stock option	Weighted average exercise price (\$)
Balance, beginning of year	5,200,00	0.05
Expired	(1,900,000)	0.05
Balance, June 30, 2021	<u>3,300,000</u>	<u>0.05</u>

Stock options outstanding at June 30, 2021:

Number of stock options vested and outstanding	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)
<u>3,300,000</u>	<u>0.05</u>	<u>2.5</u>

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8. COMMITMENTS

At June 30, 2021, the Company was a party to a long-term lease agreement for combined office and warehouse premises until May 31, 2022.

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.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to a number of different financial risks arising from normal course business exposures, as well as the Company's use of financial instruments. These risk factors include market risks relating to liquidity risk and interest rate risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The following is a maturity analysis of the Company's financial obligations at June 30, 2021:

	Less than three months	Three months to one year	Beyond one year	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	32,045	-	-	32,045
Lease obligation	11,286	29,127	-	40,413
Unsecured loans	57,000	60,000	-	117,000
Interest payable	-	6,408	-	6,408
	100,331	95,535	-	195,866

The Company had cash on hand at June 30, 2021, of \$4,750 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 means.

Interest rate risk

The Company's exposure to interest rate risk is minimal as the Company's short-term loans payable and unsecured loans are carried at fixed interest rates, and the Company does not have interest bearing investments generating significant interest revenue.

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Fair value

The Company classifies the fair value of financial instruments according to the following hierarchy based on the 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 short-term loans approximate their fair values at June 30, 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 financial statements.

10. PROPOSED TRANSACTION

On June 25, 2021, Bayshore Petroleum Corp entered into a definitive amalgamation agreement with Infinitum Copper Corp. (“ICC”) (the “Amalgamation Agreement”). The transaction contemplated by the Amalgamation Agreement (the “Transaction”) will result in a reverse takeover of the Company by ICC in accordance with the policies of the TSX Ventures Exchange (“TSXV”). The completion of the Amalgamation Agreement is subject to several conditions that are required to be addressed before it can be finalized.