

**BAYSHORE PETROLEUM CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FORM 51-102F1**

**September 30, 2019**

## **Q3 2019 HIGHLIGHTS**

### **FINANCIAL**

- Cash on hand at September 30, 2019 was \$316,413 (December 31, 2018 - \$820,705).
- Working capital deficit at September 30, 2019 was \$516,065 (December 31, 2018 – positive working capital \$426,794).
- During the third quarter of 2019, the Company secured a shareholder loan of \$450,000, the funds of which will be used for working capital purposes.
- Net loss during the third quarter of 2019 was \$253,230 compared to net income of \$309,714 during the same quarter of 2018. For the first nine month of 2019 the Company incurred a loss of \$934,752 compared to net income of \$199,888 during the first nine months of 2018.
- During the third quarter and first nine months of 2019, Company spending was limited to administration and operations with no spending undertaken on capital activities.

### **OPERATIONAL**

- Activities continued to be limited to administration and business development with a focus on collaborating with industry partners to implement a partial heavy oil/bitumen upgrade project (“Pilot Project”) and evaluating potential heavy oil and/or Oil sand property acquisitions opportunities in Alberta and Saskatchewan.
- Board and management maintain a focus on securing funding to advance the Company’s heavy oil upgrade initiative and potential heavy oil / oil sand asset acquisitions.
- Non-operated petroleum and natural gas assets remain principally dormant.

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### **Management Discussion and Analysis**

This Management’s Discussion and Analysis (“MD&A”) is provided by management of Bayshore Petroleum Corp. (“Bayshore”, the “Company” or “BSH”) and should be read in conjunction with the unaudited condensed interim financial statements and notes for the three and nine months ended September 30, 2019 and the audited financial statements for the year ended December 31, 2018. The unaudited condensed interim financial statements are reported in Canadian Dollars (“CAD”) and have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

All amounts in this MD&A are Canadian Dollars (CAD) unless otherwise noted. The MD&A contains forward looking statements that should be read in conjunction with the Company’s disclosures under “Forward Looking Statements” outlined at the end of this MD&A.

This commentary is as of November 15, 2019. Bayshore’s Board of Directors and its Audit Committee have reviewed and approved this MD&A and the accompanying financial statements.

Additional information is available online at [www.sedar.com](http://www.sedar.com) and the Company’s website at [www.bayshorepetroleum.com](http://www.bayshorepetroleum.com).

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### **Going Concern**

The unaudited interim financial statements and notes, and this MD&A, for the three and nine months ended September 30, 2019, 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. During the third quarter of 2019, cash used in operations was \$240,416 and the Company had an accumulated deficit of \$7,935,539 at September 30, 2019. The Company reported a third quarter loss of \$253,230. At September 30, 2019, the Company had negative working capital of \$516,065 and a cash balance of \$316,413.

The Company engages in ongoing discussions with the controlling shareholder of and primary lender to the Company to determine financing needs for the next 12 months and determine how such funds will be advanced to the Company. During the third quarter of 2019, the controlling shareholder provided a \$450,000, 2 ½ year term, 10% interest per annum unsecured loan to Bayshore with the proceeds being used to fund ongoing administration and business development activities.

These uncertainties 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.

### **Corporate Overview**

#### ***Investment Objectives***

Bayshore's primary activities during 2019 have been focused on sourcing financing to advance its business plan, evaluating heavy oil investment opportunities located in Western Canada, and collaborating with industry partners to implement a pilot heavy oil/bitumen upgrade project ("Pilot Project"). The Pilot Project is designed to test the commercial viability of a process that endeavors to transform heavy oil into a higher quality oil which will be more suitable for delivery through the Canadian oil pipeline system. The Company is facilitating discussions with third parties who the Company anticipates will be involved in the various aspects of the Pilot Project including governmental agencies, heavy oil producing companies, technology specialists, holders of technology licenses, facility construction companies, and owners of oil pipelines and marketers. Discussions and negotiations concerning the relationships between various stakeholders, the ownership of operational assets and the anticipated obligations of parties associated with the Pilot Project, are ongoing and have not yet been agreed. As such, the Company currently does not own any aspect of the Pilot Project nor does it have agreements with suppliers of heavy oil or purchasers of upgraded oil.

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Bayshore previously licensed major disruptive technology but this licensing agreement ceased in 2016 and the Company currently does not have a formal agreement to use or promote the technology. The Company continues to collaborate with the inventor of a technology and is seeking to incorporate such technology within the Pilot Project. This disruptive technology is a catalytic (chemical) based upgrading technology that can be used to partially upgrade heavy oil/bitumen into flowable oil that meets the Western Canadian Select (WCS) crude specification. Should this technology be proven to be commercially viable in a pilot environment, the Company plans to facilitate the implementation of a project that fully upgrades heavy oil/bitumen into light product fuel oil with qualities similar to raw diesel. In a successful pilot scenario, the Company would explore the possibility of acquiring and operating heavy oil/ oil sand properties in Western Canada and utilizing the upgrading process to enhance the value of the oil produced.

### ***Heavy Oil Upgrade Initiative***

#### **Facilitation/Collaboration of Pilot Project**

Bayshore's management and expert third-party consultants are actively working to bring together the key components of the Pilot Project. Although no formal agreements have been executed, a significant amount of management time and effort have been dedicated toward assessing the viability of the Pilot Project, establishing relationships with the key stakeholders in the value chain, validating the upgrading technology and determining the economics of the Pilot Project with possible commercial application. The Company expects to benefit from the historical relationship the management team and directors have established over the past number of years with the inventor of the upgrading technology in order to be able to acquire or license the technology if and when Bayshore has the financial resources to do so. From this relationship Bayshore has accumulated extensive knowledge regarding the technology and can effectively communicate the benefits of the upgrading project to potential sources of funding and other stakeholders.

The total estimated amount of funding required to complete all aspects of the Pilot Project will depend on the results obtained in the initial activities and could range between \$5 and \$10 million. It is uncertain whether the Company will be able to raise any additional funding to complete the Pilot Project.

### ***Property/Assets***

#### **Petroleum and Natural Gas Assets**

The value of the formerly producing assets Bigstone and Kaybob non-operated properties has been previously fully impaired for accounting purposes. Therefore, the Company has not engaged a third-party engineering firm since 2016 to evaluate Bayshore's properties. The Company reports a nil asset value for petroleum and natural gas properties, reports no reserves, and currently is not producing and generating negative ongoing cash flows. There are no plans to invest further capital into these non-operated oil and gas properties. These assets will need to be abandoned and the area reclaimed, activities which is not expected to take place earlier than 2027.

#### **Other Assets**

The Company has no capital assets other than corporate office assets.

**BAYSHORE PETROLEUM CORP.****For the three and nine months ended September 30, 2019****Overall Performance**

The Company's financial condition and performance during the third quarter of 2019 generally consistent with the first and second quarters of 2019. The Company did not generate revenue during the quarter and spending was limited to administration and business development activities comprising primarily personnel and office costs. Ongoing operations are currently being financed by way of unsecured loans from the majority shareholder of Bayshore. The complement of staff remained has been reduced during the third quarter, but the Company continues to maintain sufficient human resources to evaluate options and alternatives of implementing various aspects of the Pilot Project.

**Selected information for the three months ended September 30**

	<u>Q3 2019</u>	<u>Q3 2018</u>	<u>Q3 2017</u>
Total revenue	-	-	-
(Loss) income for the period	<b>(\$253,230)</b>	\$309,714	(\$14,035)
<i>End of period balances:</i>			
Cash	<b>\$316,413</b>	\$210,497	\$1,921
Working capital (*)	<b>(\$516,065)</b>	\$59,777	(\$1,065,732)
Total assets	<b>\$486,298</b>	\$720,725	\$14,259
Total non-current financial liabilities (**)	<b>\$792,474</b>	\$195,681	-
Shareholders' equity	<b>(\$1,371,524)</b>	(\$180,048)	(\$1,102,247)
Shares issued and outstanding	<b>82,360,815</b>	32,360,815	32,360,815

**Selected information for the nine months ended September 30**

	<u>Year-to-date 2019</u>	<u>Year-to-date 2018</u>	<u>Year-to-date 2017</u>
Total revenue	-	-	-
(Loss) income for the period	<b>(\$934,752)</b>	\$199,888	(\$94,633)

(\*) Working capital is a non-gap measure and is calculated as follows: cash plus GST receivable plus prepaid, deposits and advances minus accounts payable and accrued liabilities minus short term loans minus interest payable (current portion)

(\*\*) Total non-current financial liabilities is a non-gap measure and is calculated as follows: related party loans plus convertible debt plus interest payable that is due beyond one year plus lease liability obligation

**BAYSHORE PETROLEUM CORP.****For the three and nine months ended September 30, 2019****Outlook**

Securing additional sources of debt and equity financing continues to be the top priority for Bayshore in 2019. In July 2019, the majority shareholder of Bayshore provided the Company a \$450,000 unsecured loan with the proceeds to be used for ongoing operations. If Bayshore is able to raise additional financing, it will be able to continue to advance the initiative of demonstrating the commercial viability of the upgrading technology, which Management believes is the greatest growth opportunity for the Company. The amount of additional financing required by Bayshore is expected to be determined as the Company advances its collaboration efforts with the various stakeholders expected to be involved with the Pilot Project.

**Financial Analysis****Third Quarter Results of Operations**

	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>\$ increase / (decrease)</b>	<b>% increase / (decrease)</b>
Oil and gas, non-operating	<b>625</b>	(3,351)	3,976	118
General and administrative <sup>(*)</sup>	<b>194,658</b>	252,893	58,235	23
Depreciation and accretion	<b>132</b>	9,200	(8,868)	(96)
Finance costs	<b>45,591</b>	48,299	(2,708)	(6)
Net (loss) income	<b>(253,230)</b>	309,714	(562,944)	(181)
(Loss) income per share (basic and diluted)	<b>-</b>	0.01	(0.01)	(100)
Cash used in operating activities	<b>240,416</b>	293,988	(53,622)	(18)

**Year-to-Date September 30 Results of Operations**

	<b>2019</b>	<b>2018</b>	<b>\$ increase / (decrease)</b>	<b>% increase / (decrease)</b>
Oil and gas, non-operating	<b>(4,335)</b>	13,893	(18,288)	(131)
General and administrative <sup>(*)</sup>	<b>579,133</b>	346,422	232,711	67
Share based compensation	<b>100,573</b>	-	100,573	100
Depreciation and accretion	<b>124,113</b>	9,200	133,847	1,249
Finance costs	<b>113,178</b>	48,299	64,879	134
Net (loss) income	<b>(934,752)</b>	199,888	(1,134,640)	(568)
Loss per share (basic and diluted)	<b>(0.01)</b>	0.01	(0.02)	(200)
Cash used in operating activities	<b>915,491</b>	386,923	528,568	137

(\*) *General and administrative expenses is a non-GAAP measure and includes the following financial statement categories: a) contractors, consultants and staff, b) professional, legal and advisory, c) office and administration, and d) travel and accommodations.*

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### **General and administrative**

With debt and equity financing secured in 2018, the Company expanded its' senior management, operations, technical and administrative teams and commenced collaboration efforts associated with the Pilot Project. During 2019, the Company operated from a small office in Calgary which was leased on a short-term basis. The Company moved into a new office during Q2 2019.

### **Share based compensation**

During the first quarter of 2019, the company granted 6,600,000 stock options to directors, officers and contractors of the Company. The Black-Scholes value of the option grant was \$100,573, the full amount of which was expensed during the first quarter of 2019. Options were granted with an exercise price of \$0.05 per share, vested upon issuance and are exercisable prior to December 31, 2023.

### **Depreciation, amortization and accretion**

During the second quarter of 2019, the Company revised its estimate of abandonment and reclamation costs of its non-operated oil and gas properties in Western Canada. The revised estimate resulted in an increase in the Company's share of estimated future abandonment costs by \$120,669. As there are no reserves attached to the non-operated properties, the full amount of \$120,669 has been depreciated during the second quarter of 2019. Actual cash costs of the abandonment and reclamation are not expected to be incurred prior to 2027.

### **Finance costs**

The Company accrued interest during the third quarter of 2019 of \$36,588 and reflects interest obligations on \$1,100,000 of related party loans at rates between 10% and 15% annual interest and 5% annual interest on convertible debentures with a face value of \$229,308. In addition, during the third quarter of 2019 accretion of convertible debt of \$5,306 (2018 - \$26,000) was recorded.

### **Cash used in operating activities**

Excluding the derecognition of accounts payable reported during the second quarter of 2018, the significant increase in cash used from operations during the first nine months of 2019 relates to a higher level of business activity in 2019 compared to 2018 when there was no financing available to conduct operations and business. During Q3 and the first nine months of 2019, the Company had sufficient working capital to advance the Company's business plan and fund ongoing operations as the liabilities become due.

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**Quarterly Results**

The following table summarizes key financial and operating information prepared in accordance with IFRS, as applicable to a going concern in Canadian dollars for the three months ended:

	<b>Revenue (Net)</b>	<b>Net Earnings Income/(Loss)</b>	<b>Basic &amp; Fully Diluted \$/Share</b>	<b>Total Assets</b>
2019 – Q3	-	(253,230)	-	486,298
2019 – Q2	-	(345,140)	-	285,067
2019 – Q1	-	(336,382)	-	365,086
2018 – Q4	(947)	(282,298)	(0.01)	837,704
2018 – Q3	-	309,714	0.01	720,725
2018 – Q2	-	(75,411)	-	23,219
2018 – Q1	947	(34,414)	-	30,819
2017 – Q4	-	(27,689)	-	64,180
2017 – Q3	-	(14,035)	-	14,259
2017 – Q2	10,650	(20,091)	-	20,012
2017 – Q1	-	(60,537)	-	17,777

**Third Quarter 2019**

The Company funded operations utilizing cash that was on hand at the start of the period.

The Company is not subject to seasonal variations in operations.

Consistent with the prior quarter and prior year, no compensation paid to Directors during the third quarter of 2019.

**Related Parties**

The following balances were payable to an officer and director of the Company.

	<b>September 30, 2019</b>	December 31, 2018
Accounts payable and accrued liabilities	<b>32,551</b>	90,400
Short-term loan	-	10,400
Interest payable	<b>13,358</b>	12,362
Convertible debenture (face value)	<b>54,833</b>	54,833
	<b>100,742</b>	167,995

The following balances were payable to the chairman of the board of the Company.

	<b>September 30, 2019</b>	December 31, 2018
Related party loans	<b>1,100,000</b>	650,000
Interest payable	<b>117,041</b>	55,863
	<b>1,217,041</b>	705,863

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**Share Capital**

(number of shares)	September 30, 2019	December 31, 2018
Common shares	82,360,815	82,360,815
Issuable under Stock Options <sup>(1)</sup>	6,700,000	730,000
Issuable under Warrants	-	-
Issuable under Convertible Debentures	1,239,503	1,239,503
Fully Diluted Position	<b>90,300,318</b>	84,330,318

**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.

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

Financial instrument category and method of subsequent measurement:

Cash	Fair value
Accounts payable and accrued liabilities	Amortized cost
Right of use asset	Amortized cost
Interest payable	Amortized cost
Short term loans	Amortized cost
Related party loans	Amortized cost
Convertible debt	Amortized cost
Lease obligation liability	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

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there has been a significant increase in credit risk, the provision is based on expectations for the remaining lifetime of the asset.

**Adoption of New Accounting Policies**

**IFRS 16 – Leases**

In January 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), replacing IAS 17, Leases and related interpretations. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset (“RUA”) representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors continue to classify leases as finance and operating leases. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. IFRS 16 became effective for annual periods beginning on or after January 1, 2019.

The Company adopted the standard for the annual period beginning January 1, 2019. The Company did not have any leases that were greater than 12 months in duration at the time of adopting the standard.

As a result of the adoption of IFRS 16, the Company updated its accounting policy for leases as follows:

The Company recognizes a RUA and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. The lease payments include fixed payments. The lease payments are discounted using the interest rate implicit in the lease or the lessee’s incremental borrowing rate. Generally, the Company’s uses the lessee’s incremental borrowing rate for its present value calculations. Lease payments are discounted over the lease term, which includes the fixed term and renewal options that the Company is reasonably certain to exercise. Lease payments are allocated between the lease liability and a finance cost, which is recognized in finance costs over the lease term in the statement of earnings.

RUA are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any re-measurement of lease liabilities. Cost is calculated as the initial measurement of the lease liability plus any initial direct costs and any lease payments made at or before the commencement date. RUA’s are depreciated on a straight-line basis over the shorter of the lease term or the useful life.

On adoption of IFRS 16, the Company utilized the practical expedient to exclude initial direct costs from the measurement of the RUA at the date of initial application. Bayshore’s corporate office lease agreement, which was entered into during the second quarter of 2019, qualifies for recognition under IFRS 16. Based on current estimates and assumptions, the Company recorded a RUA and offsetting lease obligation liability of \$143,647 at the time of entering into the lease during the second quarter of 2019, with no impact on retained earnings. The Company had not previously recognized any RUA or lease obligation liabilities.

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Under the principles of the new standard these leases have been measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates at the time of entering into the lease which was estimated to be approximately 10 percent.

### **Future accounting pronouncements**

On June 7, 2018, the International Accounting Standard Board issued IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments". The interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by tax authorities. The interpretation is applicable for annual periods beginning on or after January 1, 2019. Early Option is permitted. The Company plans to review the Interpretation during the fourth quarter of 2019 and determine the impact, if any, on the unaudited interim condensed financial statements of the adopting the Interpretation.

### **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 short-term loans approximate their fair values at September 30, 2019 and December 31, 2018 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.

The fair value of the convertible debentures liability was recorded based on an estimated fair value interest rate and is considered a Level 3 fair value instrument.

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**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's current liabilities, accounts payable and accrued liabilities mature within three months.

The following is a maturity analysis of the Company's financial obligations at September 30, 2019:

	<b>Less than three months</b>	<b>Three months to one year</b>	<b>Beyond one year</b>	<b>Total</b>
Accounts payable and accrued liabilities	72,885	-	-	72,885
Lease obligation liability	11,897	35,107	74,593	121,597
Related party loans	-	650,000	450,000	1,100,000
Convertible debt (face value)	-	-	229,308	229,308
Interest payable	-	107,918	64,986	172,904
	<b>84,782</b>	<b>793,025</b>	<b>818,887</b>	<b>1,696,694</b>

The Company has cash on hand of \$316,413 at September 30, 2019 available to fund its financial obligations. On July 18, 2019, the Company secured an unsecured loan from the controlling shareholder of Bayshore in the amount of \$450,000, bearing interest at a rate of 10% per annum, with no principal or interest payments due prior to maturity. The loan matures on December 31, 2021 at which time all outstanding principal and accrued interest is due.

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

**Commitments**

During the third quarter of 2019, the Company entered into a lease agreement for a combined office and warehouse building. The future base lease rental payments are as follows:

2019	<b>15,563</b>
2020	<b>64,066</b>
2021	<b>67,178</b>
2022	<b>28,531</b>
	<b>175,338</b>

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**Capital Management**

The Company considers its capital structure to include working capital and access to credit as follows.

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Current assets	361,742	832,282
Current liabilities	(877,807)	(405,488)
Working capital (deficit)	<u>(516,065)</u>	<u>426,794</u>

**Risks and Uncertainties**

The petroleum and natural gas industry is subject to numerous risks and uncertainties that can affect the Company's ability to grow and generate cash flows from operations. These risks and uncertainties include, but are not limited to, the following:

- Fluctuations in interest rates, commodity prices and foreign currency exchange rates;
- Capital markets risk and the ability to finance future growth especially from technology;
- Government and regulatory risk in respect of changes to royalty and income tax regimes;
- Economic risk in respect of finding and producing reserves at a reasonable cost, and marketing those reserves;
- Operational risk in respect of availability and cost of drilling and related equipment;
- Seasonal risk in respect of the ability to enter leases and drill wells due to weather conditions; and
- Environmental risk in respect of the ability to remediate sites and remedy spills, releases or emissions of various substances that may be produced in association with the Company's petroleum and natural gas operations.

While many of these risks are beyond the Company's control and it is impossible to ensure that the Company's initiatives will result in commercially viable operations, Bayshore strives to minimize the aforementioned risks by:

- Employing management and technical staff and consultants with extensive industry and/or area experience;
- Maintaining an appropriate working capital position to cover the Company's capital and overhead costs;
- Maintaining a low cost structure and a tight cost control system; and
- Maintaining insurance in accordance with industry standards to address the risk of liability for pollution, personal injury, property damage, blow-outs and other hazards.

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### **Additional Information**

Bayshore is a Canadian oil and gas company listed on the TSX Venture Exchange under the symbol “BSH”. The Company is an early stage oil and gas company with a plan to advance, through collaboration with industry partners, an innovative bitumen and heavy oil upgrading project located in western Canada.

The reader should be aware that historical results are not necessarily indicative of future performance.

### **Forward Looking Statements**

Certain of the statements set forth under “Management’s Discussion and Analysis” including statements which may contain words such as “could”, “expect”, “believe”, “will” and similar expressions and statements relating to matters that are not historical facts, are forward-looking and are based upon the Company’s current belief as to the outcome and timing of such future events. There are numerous risks and uncertainties, certain of which are beyond Bayshore’s control, including: the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Bayshore’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur.