

**BAYSHORE PETROLEUM CORP.**

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

**September 30, 2021**

**Q3 2021 HIGHLIGHTS**

**FINANCIAL**

- Cash on hand at September 30, 2021 was \$23,240 (December 31, 2020 - \$49,234).
- Working capital deficit at September 30, 2021 was deficit of \$ 208,536 (December 31, 2020 – deficit of \$813,109).
- Net loss during the third quarter of 2021 was \$77,865 compared to a net loss of \$49,440 during the same quarter of 2020. For the first nine months of 2021 the Company incurred a loss of \$260,401 compared to a loss of \$269,656 during the first nine months of 2020.
- During 2021, Company spending was limited to administration, operations and technology testing and development with no spending undertaken on capital activities.

**OPERATIONAL**

- The company is currently a Shell company with no asset and limited liability. The Company is in the final stage of a Reverse Take Over (RTO) initiated by Infinite Copper Corp. in Vancouver, B.C.
- Non-operated petroleum and natural gas assets remain principally dormant.
- Very minimal operation is provided to maintain the status of Bayshore as public company

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## **BAYSHORE PETROLEUM CORP.**

**For the three and nine months ended September 30, 2021**

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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 interim condensed consolidated financial statements and notes for the three and nine months ended September 30, 2021 and the audited financial statements for the year ended December 31, 2020. The unaudited condensed interim financial statements are reported in Canadian Dollars 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 23, 2020. Bayshore's Board of Directors and its Audit Committee have reviewed and approved this MD&A and the accompanying financial statements on November 23, 2020.

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).

### **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.

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### **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 any revenue to cover ongoing operating and administrative costs and relies on related party loans and the issuance of share capital to fund ongoing operations. During the third quarter of 2021, the Company had an accumulated deficit of \$8,764,008 at September 30, 2021. The Company reported a third quarter loss of \$260,401. At September 30, 2021, the Company had negative working capital of \$208,536 and a cash balance of \$23,240.

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 the final stage of a Reverse Take Over (RTO) and we anticipated the RTO will be approved by the Exchange by the end of the year. During the third quarter loan financing was obtained from the controlling shareholder and an executive officer 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***

During the first quarter of 2020, the financial markets have been 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.

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**Corporate Overview**

***Investment Objectives***

Bayshore's activities during the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter 2021 has focused in maintaining the company as a clean Shell Public company and facilitate a proposed Reverse Take Over (RTO) by a BC company Infinitumn Copper Corp. All the necessary shareholders/board approval in approving the RTO have been secured and the approval from TSX Exchange is awaiting. Details of the RTO and legal procedures are being reviewed by the Exchange and looking forward to an approval soon.

***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 other capital assets as of Q3 2021.

**Financial Overview**

***Selected information for the third quarter and at quarter end***

	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>Q3 2019</b>
Total revenue	-	22,000	-
(Loss) income for the period	<b>(260,401)</b>	(49,440)	(253,230)
Cash balance	<b>23,140</b>	77,152	316,413
Working capital (*)	<b>(208,536)</b>	(289,879)	(516,065)
Total assets	<b>27,283</b>	164,304	486,298
Total non-current financial liabilities (**)	-	1,449,167	792,474
Shareholders' deficit	<b>(266,938)</b>	(1,844,725)	(1,371,524)
Shares issued and outstanding (shares)	<b>118,370,715</b>	82,360,815	82,360,815

(\*) Working capital is a non-IFRS/non-gaap measure and is calculated as follows: cash plus GST receivable minus accounts payable and accrued liabilities minus short term loans minus interest payable (current portion)

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

**BAYSHORE PETROLEUM CORP.****For the three and nine months ended September 30, 2021****Outlook**

The Company is dependent on the successful of RTO and currently, minimum working capital is required to maintain the current public company status. There are no operation or new projects conducted by the Company and with the successful RTO, Bayshore will turn into an mineral exploration company.

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

	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>\$ increase / (decrease)</b>	<b>% increase / (decrease)</b>
Technical services revenue	-	22,000	(22,000)	n/a
Oil and gas, non-operating	<b>998</b>	621	377	38
General and administrative (*)	<b>47,732</b>	55,612	(7,880)	(16)
Technology development	-	161	(161)	n/a
Depreciation	<b>21,556</b>	11,623	9,933	46
Finance costs	<b>8,317</b>	48,651	(40,334)	(83)
Accretion of decommissioning	<b>(738)</b>	738	-	n/a
Net loss	<b>77,865</b>	49,440	(17,750)	(36)
Loss per share (basic and diluted) - cents	-	-	-	-
Cash generated by (used in) operating activities	<b>(63,123)</b>	35,337	(98,460)	(156)

***Nine months ending September 30 - Results of Operations***

	<b>2021</b>	<b>2020</b>	<b>\$ increase / (decrease)</b>	<b>% increase / (decrease)</b>
Technical services revenue	-	112,000	(112,000)	n/a
Oil and gas, non-operating	<b>2,027</b>	1,757	270	13
General and administrative (*)	<b>171,279</b>	233,158	(61,879)	(36)
Technology development	-	11,651	(11,651)	n/a
Accretion of decommissioning	-	2,214	-	n/a
Depreciation	<b>34,366</b>	34,872	(506)	(2)
Finance costs	<b>52,729</b>	143,970	(91,241)	27
Net loss	<b>260,401</b>	934,752	(665,096)	(63)
Loss per share (basic and diluted) - cents	-	(0.01)	(0.01)	(100)
Cash used in operating activities	<b>512,167</b>	116,064	(997,248)	(90)

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

**General and administrative**

There are no staffs except the key management housekeeping the Company. A virtual office is established as the current office/warehouse has been surrendered to the landlord based on a signed lease release obligation agreement sign in 3<sup>rd</sup> Q.

**Share based compensation**

No share options were issued during the nine months ended September 30, 2021.

**Depreciation, amortization and accretion**

There were no significant changes in assets or underlying liabilities during the nine months ended September 30, 2021. During the second quarter of 2020, the Company revised its estimate of abandonment and reclamation costs of its non-operated oil and gas properties in Western Canada. The revised estimated 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 2021 of \$5,468 (third quarter of 2020 - \$39,261) and reflects interest obligations of 15% annual interest on \$650,000 of related party loans, 10% annual interest on a \$450,000 related party loan, 5% annual interest on convertible debentures with a face value of \$229,308 and 5% annual interest on a \$60,000 unsecured loan from an officer. In addition, accretion of convertible debt of \$5,306 was recorded during the third quarter of 2021.

**Cash generated from (used in) operating activities**

During Q3 2021, the Company had working capital to continue its operation and exited the quarter with \$23,240 cash on hand compared to \$49,234 cash on hand at December 31, 2020.

**Derecognized liabilities**

During Q3 2021, the Company derecognized \$22,473 from accounts payable and accrued liabilities which management considers a non-recurring one-time transaction. During Q3 2021, management undertook a process whereby all accounts payable and accrued liabilities of the Company were reviewed to determine the value of the liability and whether the obligation continues to exist. Contracts, agreements and correspondence relating to recorded liabilities that were greater than three years outstanding and those which were owing to vendors which no longer exist were examined and discussions and negotiations were held with vendors where possible. Management has concluded that certain obligations have been extinguished due to the time period elapsed in the case of trade accounts payable.

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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 September 30:

	<b>Revenue (Net)</b>	<b>Net Earnings Income/(Loss)</b>	<b>Basic &amp; Fully Diluted Per Share</b>	<b>Total Assets</b>
2021 – Q3	-	(77,865)	-	27,283
2021 – Q2	-	(182,536)	-	68,305
2021 – Q1	-	(141,274)	-	77,686
2020 – Q4	135,000	(49,857)	-	181,764
2020 – Q3	22,000	(345,140)	-	285,067
2020 – Q2	-	(138,600)	-	215,626
2020 – Q1	90,000	(81,616)	-	225,649
2019 – Q4	55,033	(248,555)	-	325,950
2019 – Q3	-	(253,230)	-	486,298
2019 – Q2	-	(345,140)	(0.01) <sup>(1)</sup>	285,067
2019 – Q1	-	(336,382)	-	365,086

*(1) The year-to-date June 30, 2019 cumulative per share amount is (\$0.01) although the second quarter reporting an amount of nil.*

***Third Quarter 2021***

The Company funded operations utilizing cash that was on hand at the start of the period and the collection of long outstanding receivables.

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 2021. On an annual basis the Company accrues up to a maximum \$7,500 for the services of non-executive directors.

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***Related Parties***

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

	<b>September 30, 2021</b>	December 31, 2020
Accounts payable and accrued liabilities	<b>22,473</b>	64,277
Interest payable	<b>6,408</b>	66,528
Related party loan	-	71,000
Convertible debenture (face value)	-	-
	<b>28,881</b>	201,805

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

	<b>September 30, 2021</b>	December 31, 2020
Related party loans	<b>206,938</b>	749,558
Interest payable	-	230,258
	<b>206,938</b>	979,816

***Share Capital***

<b>(number of shares)</b>	<b>September 30, 2021</b>	December 31, 2020
Common shares	<b>118,370,715</b>	82,360,815
Issuable under Stock Options <sup>(1)</sup>	<b>5,200,000</b>	6,450,000
Issuable under Convertible Debentures	<b>1,239,503</b>	1,239,503
Fully Diluted Position	<b>124,810,218</b>	90,050,318

***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:

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

### **New accounting standards not yet effective**

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after September 30, 2020. There are currently no such pronouncements that are expected to have a significant impact on the Company's unaudited condensed interim consolidated financial statements upon adoption.

### **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.

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The carrying values of accounts payable and accrued liabilities and short-term loans approximate their fair values at September 30, 2020 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.

**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 Company has cash on hand of \$23,240 at September 30, 2021 available to fund its financial obligations.

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

**Interest rate risk**

The Company'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.

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**Commitments**

During Q2 2019, the Company entered into a lease agreement for a combined office and warehouse building which extends to May 31, 2022. The lease commitment has been eliminated via a lease release agreement with the landlord in the 3<sup>rd</sup> Quarter.

**Capital Management**

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Current assets	27,283	115,326
Current liabilities	(235,819)	(928,435)
Working capital	<u>(208,536)</u>	<u>(813,109)</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

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- Maintaining insurance in accordance with industry standards to address the risk of liability for pollution, personal injury, property damage, blow-outs and other hazards.

**Additional Information**

Bayshore is a Canadian oil and gas company currently listed on the TSX Venture Exchange under the symbol “BSH”. The Company is in the stage of a Reverse Take Over (RTO) and when it is successful, Bayshore will be engaged in the mineral exploration business based in Vancouver, BC.

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