

BAYSHORE PETROLEUM CORP.

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

March 31, 2021

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

Q1 2021 HIGHLIGHTS

Financial

- Cash on hand at March 31, 2021 was \$15,716 (December 31, 2020 - \$49,234).
- Working capital deficit at March 31, 2021 was \$924,963 (December 31, 2020 – deficit of \$813,109).
- Net loss during the first quarter of 2021 was \$139,583 compared to a net loss of \$81,616 during the first quarter of 2020.

Operational

- Reduced manpower to the provision of management and technical services to a third party including government regulatory compliance, project costing, and oil lease property maintenance.
- Reduced and/or eliminated activities on the collaboration with industry partners to implement the oil sands tailing technology.
- Board and management focused on restructuring Bayshore and attract / secure funding to survive the Company.
- Non-operated petroleum and natural gas assets remain principally dormant.

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 consolidated financial statements and notes for the three months ended March 31, 2021 and the audited financial statements for the year ended December 31, 2020. The unaudited condensed interim consolidated 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 in 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 May 28, 2021. 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.

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

Going Concern

The unaudited condensed interim consolidated financial statements and notes, and this MD&A, for the three months ended March 31, 2021, 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 sufficient revenue to cover both the ongoing operating and administrative costs and fund expansion of the Company's operations. Bayshore relies on related party loans and the issuance of share capital to fund ongoing operations. During the first quarter of 2021, cash used in operations was \$40,831 and the Company had an accumulated deficit of \$8,644,881 at March 31, 2021. The Company reported a first quarter loss of \$141,274. As of March 31, 2021, the Company had a working capital deficit of \$926,654.

The Company continues discussions with the controlling shareholder 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.

The financial markets continue negatively impacted by the COVID-19 outbreak which was declared a pandemic by the World Health Organization on March 12, 2020. 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.

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.

Subsequent Events

On April 30, 2021, Shares-for-Debt Agreements have been reached with creditors Ivan Po Kwong Chan, Raymond Go and Peter Ho for the satisfaction of total debts of \$1,755,495.00 through the issuance of 35,109,900 common shares at \$0.05 per common share. The approval of the TSX Venture Exchange was obtained on May 10, 2021. All common shares to be issued in this transaction will be subject to a four month hold period.

On May 18, 2021, Bayshore announced that it has entered into a letter of intent (the "**Letter of Intent**") dated effective May 17, 2021 outlining the general terms and conditions with respect to the acquisition (the "**Acquisition**") by Bayshore of all the issued and outstanding share capital of Infinitem Copper Corp. ("**Infinitem**"). The Acquisition of Infinitem will constitute a reverse

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

takeover under Policy 5.2 of the TSX Venture Exchange (the “**Exchange**”), and is subject to approval of the Exchange.

Infinitum is a privately held British Columbia company, which holds an option to acquire an 80% interest in the Adelita Property, Sonora State, Mexico, from Minaurum Gold Inc. (TSXV: MGG; “Minaurum”).

Upon exercise of the option, Infinitum and Minaurum will form a joint venture (on an initial 80/20 basis) to undertake further work on the Adelita property.

The Acquisition will be a “Reverse Takeover” under the policies of the Exchange and therefore will require approval of the shareholders of Bayshore.

It is anticipated that Bayshore will seek approval of its shareholders either at a special meeting of shareholders to be held on or before July 30, 2021 (the “**Bayshore Shareholder Meeting**”), or, if permitted by the Exchange, by the written consent of the holders of a majority of Bayshore’s outstanding shares. It is anticipated shareholders will be requested to approve: (A) the Acquisition, (B) the change of name of Bayshore to such name as may be specified by Infinitum, (C) the election of new directors, (D) the Consolidation, (E) any change of control which may arise pursuant to the Acquisition, (F) the continuation of Bayshore from Alberta to British Columbia, and (G) such other matters that may be reasonably required in order to give effect to the Acquisition.

The Letter of Intent contemplates that the Acquisition will be completed through a definitive agreement (the “**Definitive Agreement**”) that is to be negotiated by Bayshore and Infinitum, which will contain customary representations and warranties for similar transactions.

Bayshore believes this RTO will be beneficial to all the shareholders as the current oil and gas environment has restricted Bayshore to seek finance to pursue its oil and gas operation and technology advancement. In order to create and preserve values for Bayshore, this new business arrangement will be the best arrangement at this time.

Corporate Overview

Investment Objectives

Bayshore's activities during the first quarter of 2021 focused on a combination of sourcing financing and restructuring the company and is seeking appropriate funding or project group to take over the company’s operation.

The three main focuses of Bayshore during the first quarter of 2021 were:

- a) Internal evaluation of the current project status and its potential;
- b) Provide limited technical and general management services (“**Technical Services**”) to an industry partner to assist the partner in maintain its oil leases in Alberta, and
- c) Seeking potential merger or potential project partner that will take over Bayshore

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

The Company's efforts at the end of Q1 2021 were focused on suspending all of its technical projects such as Tailing remediation work, partial oil upgrading etc. The management and board had decided to suspend the technical collaboration with its partners due to lack of funding and focus on restructuring the corporate and survive the funding shortage.

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. With the restructuring of Bayshore, the Company plans to divest the Bigstone and Kaybob assets when appropriate.

Other Assets

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

Financial Overview

Selected information for the first quarter and at quarter end

	Q1 2021	Q1 2020	Q1 2019
Total revenue	\$-	\$90,000	\$-
Loss for the period	(141,274)	(81,616)	(336,382)
Cash balance	15,716	21,075	336,581
Working capital deficiency ^(*)	(926,654)	(275,547)	(482,127)
Total assets	77,686	225,649	365,086
Total non-current Financial liabilities ^(**)	1,162,840	1,927,344	242,454
Shareholders' equity	(\$2,035,866)	(\$1,701,695)	(\$773,154)
Shares issued and outstanding (shares)	83,260,815	82,360,815	82,360,815

(*) Working capital is a non-gap 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-gap 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 months ended March 31, 2021

Outlook

Securing additional sources of debt and equity financing or even merger/acquisition continues to be the top priority for Bayshore in 2021. If Bayshore is able to raise additional financing, it will be able to survive and move on to any new prospect that will bring values to the Company, which Management believes is the greatest growth opportunity for the Company.

Financial Analysis

First Quarter Results of Operations

	Q1 2021	Q1 2020	increase / (decrease)	% increase / (decrease)
Technical services revenue	\$-	\$90,000	(\$45,000)	(100)
Oil and gas, non-operating	2,293	850	1,443	170
General and administrative (*)	81,021	110,884	(29,863)	(27)
Depreciation, amortization and accretion	13,548	12,362	1,186	10
Finance costs	44,412	47,520	(3,108)	(7)
Net loss	141,274	81,616	(59,658)	(73)
Loss per share (basic and diluted)	-	-	-	-
Cash used in operating activities	\$40,831	\$98,515	(\$57,684)	(59)

(*) 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

During the first quarter of 2021, the Company significantly reduced the number of staff and reduced the amount of time of consultants in response to the lower level of activity and limited funding available to the Company to finance its operations. The Company maintains fixed costs associated with an office/warehouse location and public company listing related costs.

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

Finance costs

The Company accrued interest during the first quarter of 2021 of \$40,119 (first quarter of 2020 - \$38,386) and reflects interest obligations of 15% annual interest on \$650,000 of related party loans, 10% annual interest on \$450,000 of related party loans and, 5% annual interest on a \$359,558 related party loan.

Cash used in operating activities

The significant decrease in cash used from operations relates to a nil business activity in 2021 compared to 2020 when there was additional financing available to conduct operations and settle historical accumulated liabilities. During Q1 2021, the Company had not enough working capital to conduct any company's business plan and fund ongoing operations.

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:

	Revenue (\$)	Net Earnings (Loss) (\$)	Basic & Fully Diluted \$/Share	Total Assets (\$)
				(\$)
2021 – Q1	-	(\$141,274)	-	\$77,686
2020 – Q4	135,000	(49,857)	-	181,764
2020 – Q3	22,000	(49,440)	-	165,604
2020 – Q2	-	(138,600)	-	215,626
2020 – Q1	90,000	(\$81,616)	-	225,649
2019 – Q4	-	(248,555)	-	325,950
2019 – Q3	-	(253,230)	-	486,298
2019 – Q2	-	(345,140)	(0.01) ^(*)	285,067
2019 – Q1	-	(336,382)	-	365,086

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

First Quarter 2021

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, no compensation paid to Directors during the first quarter of 2021.

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

Related Parties

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

	March 31, 2021	December 31, 2020
Accounts payable and accrued liabilities	\$5,000	\$5,000
Unsecured loans	134,632	131,632
Interest payable	2,584	939
	\$130,772	\$130,805

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

	March 31, 2021	December 31, 2020
Related party loans	\$1,120,000	\$1,100,000
Interest payable	331,472	295,847
	\$1,451,472	\$1,395,847

Share Capital

(number of shares)	March 31, 2021	December 31, 2020
Common shares	83,260,815	83,260,815
Issuable under Stock Options ⁽¹⁾	3,300,000	5,200,000
Fully Diluted Position	86,560,815	88,460,815

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
Lease obligation liability	Amortized cost
Interest payable	Amortized cost
Unsecured loans	Amortized cost

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

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.

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 unsecured loans approximate their fair values at March 31, 2021 due to their relatively short periods to maturity. Cash is a Level 1 fair value measurement.

The interest rate on unsecured 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.

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

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 March 31, 2021:

	Less than three months	Three months to one year	Beyond one year	Total
Accounts payable and accrued liabilities	51,985	-	-	51,985
GST Payable	180	-	-	180
Lease obligation	11,286	33,181	7,232	51,699
Unsecured loans	-	772,558	710,000	1,482,558
Interest payable	1,689	79,833	255,383	336,905
	<u>65,140</u>	<u>885,572</u>	<u>972,615</u>	<u>1,923,327</u>

The Company has cash on hand of \$15,716 at March 31, 2021 available to fund its financial obligations.

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

Interest rate risk

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

Commitments

During Q2 2020, the Company entered into a lease agreement for a combined office and warehouse building which extends to May 31, 2022. The future base lease rental payments are as follows:

2021	\$ 50,838
2022	28,531
	<u>\$ 79,369</u>

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

Capital Management

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$24,058	\$ 115,326
Current liabilities	(950,712)	(928,435)
Working capital	<u>(\$926,654)</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
- Maintaining insurance in accordance with industry standards to address the risk of liability for pollution, personal injury, property damage, blow-outs and other hazards.

BAYSHORE PETROLEUM CORP.
For the three months ended March 31, 2021

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.