

OTC Pink Basic Disclosure Guidelines

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Bayside Corporation, January 5, 2011 to the present; Bayside Petroleum Company, Inc., September 9, 2008 to January 5, 2011; American Terra Vehicles Corp., April 6, 1999 to September 9, 2008.

2) Address of the issuer's principal executive offices

Company Headquarters

Address 1: 15400 Knoll Trail

Address 2: Suite 501

Address 3: Dallas, Texas 75248

Phone: (972) 385-7800

Email: g@ventureoil.net

Website(s): www.baysidepetroleum.com

IR Contact

Address 1: Cruz Capital Advisors, Inc.

Address 2: 13089 Peyton Drive

Address 3: Suite C109

Phone: (949) 390-0111

Email: info@cruzcapitaladvisors.com

Website(s): www.cruzcapitaladvisors.com

3) Security Information

Trading Symbol: BYSD

Exact title and class of securities outstanding: Common, Series A Preferred, Series B Preferred

CUSIP: 0731481083

Par or Stated Value: .0001

Total shares authorized: 3,400,000,000 Common as of: 3.31.13

50,000,000 Series A Preferred as of 3.31.13

50,000,000 Series B Preferred as of 3.31.13

Total shares outstanding: 66,142,631 as of: 3.31.13

Additional class of securities (if necessary):

Trading Symbol: N/A

Exact title and class of securities outstanding: _____

CUSIP: _____

Par or Stated Value: _____

Total shares authorized: _____ as of: _____

Total shares outstanding: _____ as of: _____

Transfer Agent

Name: Corporate Stock Transfer, Inc.

Address 1: 3200 Cherry Creek Drive South

Address 2: Suite 430

Address 3: Denver, Colorado 80209

Phone: (303) 282-4800

Is the Transfer Agent registered under the Exchange Act?* Yes: No:

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

None

B. Any jurisdictions where the offering was registered or qualified;

None

C. The number of shares offered;

None

D. The number of shares sold;

None

E. The price at which the shares were offered, and the amount actually paid to the issuer;

None

F. The trading status of the shares; and

None

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

None

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes; and
- E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otcq.com in the field below.

The Balance Sheet, Statement of Income, and Statement of Cash Flows with Financial Notes are attached hereto as Exhibit "B". Exhibit "C" attached hereto contains the Balance Sheet, Statement of Income and Statement of Cash Flows with Financial Notes for 2011 and 2012.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

Oil and Gas exploration and production.

- B. Date and State (or Jurisdiction) of Incorporation:

Incorporated October 14, 1984 in Nevada and re-domiciled on November 14, 2012 in Wyoming.

- C. the issuer's primary and secondary SIC Codes;

131 and 1311

- D. the issuer's fiscal year end date;

December 31

- E. principal products or services, and their markets;

oil and gas ;production, sold to field purchasers and refineries

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The facilities of the Corporation consist of oilfield equipment installed on producing oil wells as well such as stock tanks (called tank batteries) for the storage of produced oil and water that is produced in conjunction with the oil, all of which are situated on the oil and gas leases owned by the Corporation. The equipment situated on an oil well generally consists of a pump jack, electric motor (or gas engine), down hole equipment being rods, tubing (2-3/8" or 2-7/8"), and a down hole pump, well casing (either 4-1/2", 5-1/2" or 7" and cemented in place) and a flow line running from the well to the storage facility to transport the produced fluids. Also, the stock tank batteries consist generally of several storage tanks (usually 210 barrel, 300 barrel, or 400 barrel), a gun barrel and/or heater treater to separate the produced oil from water, and on occasion a separator (either horizontal or vertical) to separate any gas produced in conjunction with the oil and water.

The Corporation owns the equipment situated on its wells; however, the oil wells are located on oil and gas leases that the Corporation has acquired through negotiation with mineral owners or that are purchased from other oil companies. The oil and gas leases have initial terms generally ranging from 3 to 5 years, but once they have producing wells the leases continue in effect until the wells are abandoned and there is no further operations being had on the leases. The ownership of the Corporation in each oil and gas lease is more fully described in the Executive Summary attached to this report as Exhibit "A".

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

- A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Gordon H. Johnson, Chairman of the Board of Directors, Chief Executive Officer and President. Mr Johnson claims no ownership in the Corporation; however, he has served as a Trustee of the Leasu Trust, which is the Managing Member of DZ Energy, LLC, which owns 19,904,757 shares of Common Stock and 1 share of Series A Preferred Stock. The Leasu Trust is a beneficial trust solely for the children of Mr. Johnson and his wife.

H. G. Hurtt serves as a Director of the Corporation and owns 1,440,000 shares of Common Stock.

- B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

A Cease and Desist Order was issued on October 27, 2011 by the Alabama Securities Commission against the Corporation under Administrative Order Number CD-2010-0046, which was the result of a Complaint filed against the Loma Novia Joint Venture, a Texas Joint Venture, of which the Corporation was previously the Joint Venture Manager. The order was to prevent the sale of unregistered securities in the state of Alabama. Unbeknown to the Corporation an employee/officer of a subsidiary of Nueces Valley Resources, who was a merger partner with the Corporation in 2009 that was rescinded, had contacted a resident in Alabama with the intent to sell an interest in the Joint Venture. The Corporation had resigned as the Joint Venture Manager at the time of the Complaint and denied any connection to this Complaint through its counsel; however, the counsel retired in April 2011 and did not notify the Corporation of the pending Final Notice thereby preventing the Corporation from filing a petition to be removed from the Complaint. The resulting Cease and Desist Order carried no penalties. Since the Corporation is not in the business to sell unregistered securities (interests in oil and gas leases) to parties that are not qualified the Order has no effect on the ongoing business of the Corporation.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

DZ Energy, LLC, 15400 Knoll Trail, Suite 501, Dallas, Texas 75248, who owns 19,904,757 shares of Common Stock and 1 share of Series A Preferred stock, which shares are held beneficially for Gary Barrier, Tami Fugitt, Leisa Holmes and Suzanna Venezia. The Common and Preferred shares held vote approximately 81% control of the Corporation.

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Name: William Goode

Firm: William Goode

Address 1: 20 Peachtree Court, Suite 106

Address 2: Holbrook, NY 11741

Phone: (631) 223-7740

Email: William@williamgoode.com

Accountant or Auditor

Name: None

Firm: _____

Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Investor Relations Consultant

Name: Cruz Capital Advisors, Inc.
Firm: Cruz Capital Advisors, Inc.
Address 1: 13089 Peyton Drive, Suite C109
Address 2: Chino Hills, CA 91709
Phone: (949) 390-0111
Email: info@cruzcapitaladvisors.com

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: None
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Gordon H. Johnson certify that:

1. I have reviewed this Quarterly Disclosure Statement of Bayside Corporation;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

June 12, 2013 [Date]

/s/ Gordon H. Johnson [CEO's Signature]

_____ [CFO's Signature]
_(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Chairman [Title]

EXHIBIT “A”

EXECUTIVE SUMMARY

PRIVATE AND CONFIDENTIAL
(Not for Distribution)

EXECUTIVE SUMMARY

BAYSIDE CORPORATION.

MARCH 2013

All statements, other than statements of historical facts included in this document regarding the Company's financial position, future revenues, net income, potential evaluations, business strategy and plans and objectives for future operations, are "forward-looking statements." These forward-looking statements are commonly identified by the use of such terms and phrases as "intends," "estimates," "expects" and "believes". Although the Company believes that the assumptions upon which such forward-looking statements are based are reasonable, it can give no assurance that such assumptions will prove to be correct. All forward-looking statements in this document are expressly qualified by the cautionary statements and by reference to the underlying assumptions that may prove to be incorrect. This report is not intended for distribution to prospective investors and is not an offering or solicitation of securities

Introduction:

Bayside Corporation ("Bayside" or "Company") is a fast-growing early stage oil and gas development company organized in Nevada and having principal offices in Dallas, Texas. The Company has a management team with over 100 years of combined experience with prominent energy companies. Bayside specializes in the acquisition, rework and enhancement of properties in proven oil and gas fields that offer lower risk and high potential returns to the Company in a shorter time period than through traditional exploration drilling.

To date, Bayside has assembled and/or acquiring and is drilling, re-completing and/or reworking a valuable portfolio of 9 oil and gas properties throughout Texas, Louisiana and Mississippi. The properties contain 50 total wells. There are numerous shut-in wells that are productive and will require rework and/or re-completion. Also, there are additional development locations to drill. Upon completion of the work proposed on the properties now inventoried the Company should have proven, future net revenues of approximately \$100+ million. The Company has an aggressive growth strategy with a goal to reach net proven reserves of 10 million barrels of oil and natural gas equivalents within 12 to 18 months of its pending funding discussed below. Bayside has additional goals, which include achieving production of over 1,200 net barrels of crude oil (including gas equivalent) per day and monthly cash flow exceeding \$1,200,000.

Bayside has several major strengths. It has a strong, experienced and focused management team, it owns a valuable portfolio of existing oil and gas properties and it is well positioned to substantially increase its proven reserves, cash flow and shareholder value over the next 12 to 18 months.

Bayside is a public company, its trading symbol being "BYSD". Bayside was formed with the infusion of oil and gas properties from its President and his associates into the Company, after which the name change was accomplished. Previously, the Company had been active in other industries. Bayside is in the process of securing financing, the funds from which will be applied to the development of the current inventory of properties and to acquire the additional interests in the current properties and new projects.

Bayside Petroleum Company, Inc., a Wyoming corporation, is a wholly owned subsidiary of the Company and is the operating arm of the Company.

History of Bayside Corporation:

As energy prices reached lows in the 1990s, the Bayside management team recognized the long-term prospects were positive for domestic oil and gas development companies. Management believed that low oil and gas prices created an excellent opportunity to acquire the rights to valuable oil and gas properties at very attractive prices for future development and production.

The Company focused on the acquisition of fields with proven and verifiable reserves that offered low risk and high potential returns. Bayside's management team has acquired oil properties primarily throughout Texas and Mississippi, and continues to search for new acquisitions. Presently there is at least one prospect that is being evaluated that the Company expects to acquire.

Capital Structure:

Bayside has presently issued and outstanding approximately 66.1 million shares with a current float of approximately 4.6 million shares. The Company has authorized capital of 3.4 billion common shares, 50 million Series A Preferred Shares and 50 million Series B Preferred Shares. There is 1 Series A Preferred share issued and 2 million Series B Preferred shares issued. Effective June 20, 2011 the Company underwent a reverse split of its Common Stock on a 250:1 basis.

Corporate Debt:

The Company incurred debt of \$975,150 through two Promissory Notes dated August 1, 2008 and August 15, 2010 respectively. The Notes were given in connection with a Management Services Agreement and for the purchase at cost of certain oil and gas assets. All of the debt is owed to DZ Energy, LLC who is the controlling shareholder of the Company. The Notes have matured and are more than one year in age. DZ Energy, LLC offered the Company the opportunity to pay the debt with the issue of shares of Common Stock, of which the Board has approved. The transaction was concluded in October 2011 with 15.595 million shares were issued to satisfy the debt. Of the shares issued none were delivered to DZ Energy, LLC, but were issued to other key individuals. There is a Promissory issued to DZ Energy, LLC in the amount of \$540,000 dated August 1, 2011 that matures on August 1, 2014. A conversion of \$180,000 was made in September 2012 so the note has been reduced to \$360,000.

Current Transactions:

In December 2011 the Company negotiated an agreement with a Dallas company whereby an infusion of \$675,000 will be made into a Joint Venture of which \$110,000 will be for working capital and \$565,000 will be to invest into its White and Bishop Cattle Co. leases in Duval County. Specifically the terms are to rework/re-complete up to 9 wells and drill 2 new wells. It should be noted that one of the principals of the investing company is a petroleum engineer who recently did a study on the two leases and concluded that at least 2.5 million barrels of oil are recoverable from the White lease. The Joint Venture breached the

agreement and Bayside will now exercise its option to reacquire their interest and return to 100% ownership.

In January 2012 the Company entered into a Joint Venture Agreement with C. Trade Group of New York to provide a Letter of Credit of \$1.5 million to the Company with which the Company can arrange a Line of Credit with its bank. The funds will be used to rework, re-complete and drill wells on the properties owned by the Company. This Joint Venture has the potential to continue with additional funding arrangements in larger amounts after the completion of the initial venture.

The Company is currently negotiating with an Attorney in Houston, Texas who is connected with a law firm in Hong Kong, China that specializes in Corporate Finance. The proposed transaction will arrange for financing of up to \$2 million for certain properties owned by the Company. This transaction is expected to close in the first quarter of 2013.

In August 2012 the Company settled debt of \$180,000 to DZ Energy, LLC with the issue of 9 million shares of restricted Common Stock.

Executive Management and Directors:

Gordon H. Johnson – Chairman & President - Mr. Johnson has decades of experience in oil and gas development and is a third generation oilman. He has worked for Conoco, Pennzoil, Mitchell Energy and additional companies where he received experience in Texas, New Mexico, Oklahoma, Montana, North Dakota and Louisiana. In 1972 he became an independent oil operator. During his career he has been responsible for generating geological prospects, acquiring oil and gas leases and producing properties, generating drilling funds, supervising the drilling and completion of numerous oil and gas wells and coordinating several mergers. From 2004 to present, Mr. Johnson is Chairman of American Gold Resources Corporation, a public company. He has served since 1999 as President of Venture Oil & Gas, Inc., which is currently an inactive company. He also serves as a director of Empiric Energy, Inc. Mr. Johnson attended the University of Texas in Austin, Texas majoring in geology and petroleum land management. He is a member of Texas Independent Producers & Royalty Owners (TIPRO), the Independent Petroleum Association of America (IPAA), Louisiana Oil & Gas Association (LOGA), the Dallas Geological Society (DGS) and the Society of Petroleum Engineers (SPE).

John L. Griffiths, Jr. – Manager, Operations - Mr. Griffiths is a graduate from Southern Methodist University (SMU) with a B. S. degree in Mechanical Engineering. He also attended Louisiana State University (LSU), majoring in Petroleum Engineering. John has had 40+ years of experience in the oil and gas industry primarily in the areas of acquisitions and operations of oil and gas properties mainly in Texas, Louisiana, Oklahoma and New Mexico. He has also owned and operated a drilling company with five drilling rigs. Mr. Griffiths is a member of the Society of Petroleum Engineers (SPE).

Harold F. (“Hal”) Lambert – Controller - Mr. Lambert attended Texas A&M University and received his BBA in Accounting in 1971. He became a Certified Public Accountant-Texas in 1982. Further, he received his certification as a Drilling Fluids Engineer in 1997. Mr. Lambert worked in the accounting field from 1974 through 1985 and 1988 through 1992 for several oil and gas companies. He has also been a contract oil well

operator and a drilling fluids engineer (“mud engineer”) for several companies, both domestically and foreign, from 1997 to the present, during such time he also acted in a capacity of accountant as well. The unusually broad experience enjoyed by Mr. Lambert will of great value to the Corporation both administratively and in field operations.

H. G. Hurtt – Director – Mr. Hurtt graduated from Wichita State University, Wichita, Kansas, with a business degree. After some graduate studies he worked in the oil field with Noble Drilling Company and for Dresser Atlas in electric logging of wells. Subsequent to that he served in the U. S. Army and was honorably discharged in 1976 as a Captain. He returned to the oil industry working for Parker Drilling Company and then for Wild Cat Well Services serving as its President and manager of field operations until the company was sold in 1985. He then worked for 12 years as a securities broker specializing in the oil and gas industry. Subsequently he started working for various oil companies assisting in developing their oil projects before founding his own company, Atlantis Oil & Gas, Inc.

Consultants and Advisors:

Investment Banking: Newport Capital Consultants, Inc. (Gary E. Bryant), 980 Noble Champions Way, Bartonville, Texas 76226.

Field Operations: L.L. Oil Company (Dan DeSpain), Duval County, Freer, Texas.

Affiliated Companies: Stonegate Operators, Inc. – manages Company operated wells in Texas.
Rockland Oil Company – manages Company operated wells in Mississippi.

To date BYSD owns 8 and has an option to purchase 1 leases/prospects in oil and gas fields in Texas, Louisiana and Mississippi, which are further described as follows:

BYSD's Ownership of Existing Fields/Projects

Field/Project Name	Location	Acreage	No. of Wells	BYSD Working Interest	BYSD Net Revenue Interest
<i>Owned Properties</i>					
Muscadine	Tyler Co., TX	230.00	3	100.0%	75.0%
Baxterville	Lamar Co., MS	200.00	4	100.0%	75.0%
Loma Novia & Government Wells , S.	Duval Co., TX	480.00	18	100.0%	75.0%
Bishop Cattle		1,215.00	13	100.0%	70.0%
P. E. White		181.73	7	100.0%	75.0%
Moody & West					
Gruy 1	Duval Co., TX	160.00	-0-	100.0%	75.0%
Kelsey S.	Starr Co., TX	160.00	4	100.0%	75.0%
Pearsall	La Salle Co., TX				
Katrina		80.00	1	50.0%	35.0%
Anse La Butte (Various Leases)	St. Martin Parish, Louisiana	600.00	-0-	100.0%	70.0%
1 Option					

Oil and Gas Fields

Following is a description of the properties owned by BYSD. The currently owned fields include:

- 1) **Muscadine Field – Tyler County, Texas.** This field is located on a 230-acre tract of land in Tyler County, Texas. BYSD has a 100.0% Working Interest. The lease contains three wells. The field has had six productive wells drilled during its life, with the drilling taking place in two phases, the late 1950's and the early 1970's. The field produces from multiple zones in the Wilcox formation, occurring between the depths of 8,175' and 8,500'. The field has produced approximately 400,000 barrels of oil and 350 MMCF of gas. BYSD plans to drill a new well in the first quarter of 2012. The lease should support at least another 2 wells as well. New wells should produce in excess of 100 bopd.
- 2) **Baxterville Field – Lamar County, Mississippi.** This property is located on a 200-acre lease. The lease contains 4 wells, with 3 being production wells and 2 fully equipped. The 4th well is a saltwater disposal well. The wells previously produced from the Tuscaloosa formation at the approximate depth of 8,800'. BYSD has a 100.0% Working Interest. On the last test the well was pumped at a rate of 200 barrels of fluid per day with a 5% oil cut. The plan is to re-enter the initial well and equip it with a high volume down hole (hydraulic) pump to increase the fluid produced daily by the well, thereby increasing the daily oil production. It is anticipated that the well will be produced at a rate of 2,000 barrels of fluid per day, which with a minimal 5% cut will produce 100 bopd. After completing the initial well as a commercial oil producer BYSD will perform similar work on the other 2 production wells. Some operations have been incurred.
- 3) **Loma Novia & Government Wells, S. Fields (Bishop Cattle Lease) – Duval County, Texas.** The Company has acquired a 100% interest in a 480-acre oil and gas lease that is a SW extension to the Loma Novia field. The lease previously had 43 completed wells located on it, of which 18 are shut-in (unplugged) and still viable. The company plans to test the existing wells for production viability and put on the wells that will produce commercially. A detailed geological/engineering study is under way to determine if there are additional productive zones and undrilled locations. It is expected that an additional 15 locations will be available for future drilling. Wells completed on the Western portion of this lease were producers from the Government Wells sands and are located in the Government Wells, S. Field. Wells on the Eastern portion of the lease are completed in the Loma Novia Field (Loma Novia sands). Upon putting all reworked/recompleted wells into production the Company anticipates daily rates ranging between 60 and 100 bopd. New wells are expected to potential around 15 to 25 bopd.
- 4) **Loma Novia & Government Wells, S. Fields (Moody Lease) – Duval County, Texas.** The Company has acquired a 100% interest in a 183-acre lease that is approximately one-half (1/2) mile North of the Bishop-Duval Lease and the same distance Northeast of the White Lease. The lease contains 7 completed wells that are in need of rework to return them to commercial production. Six of the wells are completed in Loma Novia sands and one in a Government Wells sand. The Company plans to rework these wells during the 4th quarter of 2011. Anticipated production is approximately 20 bopd.
- 5) **Loma Novia & Government Wells, S. Fields (P. E. White Lease) – Duval County, Texas.** BYSD has acquired a 100% interest in this 1,215-acre lease in an area in which both Loma Novia and Government Wells sand wells were completed and produced. Approximately 57 wells were drilled

on this lease and completed in one of the two zones. A majority of the drilling took place in the early to mid-1930's. At acquisition time the lease was producing at a rate of 9 bopd from two wells but the wells went off production and reworks are pending. The remaining wells on the lease can be placed back into production with a small amount of re-work and/or re-completion in new zones. BYSD has completed a study of the immediate area and has developed an informal plan to further develop the lease. It is believed that there are at least 20 additional locations on the lease to be drilled as well as zones behind pipe to be evaluated on the existing wells. After reworks the lease should produce in the range of 50 to 75 bopd. New wells could add 25 to 35 bopd per well at a minimum. The property is a part of the Joint Venture discussed above and operations have commenced on the initial reworks.

- 6) **Pearsall Field – LaSalle County, Texas.** The Company owns a 50% interest in an 80-acre lease unit for the drilling of a horizontal drainhole in the basal Austin Chalk formation. However, prior to drilling the lateral hole the Company will complete the well in the vertical well bore in several of the Austin Chalk zones. After depleting these zones the lateral hole will be drilled. Initial rates after vertical completion are expected to be 50 bopd. Rates from a horizontal drainhole are expected to be 300 to 500 bopd.
- 7) **Kelsey S. Field – Starr County, Texas.** This prospect covers 160 acres of land and has 4 well on which to rework and re-complete. The majority of the leases have been acquired and the Company will own a 100% interest in the wells. The prospect consists of two 80-acre tracts. The initial plan is to put all 4 wells on production from the Upper Clark Sand. Each of the wells was previously completed in this zone and production of 25+ bopd should be attained. Additionally, there are numerous zones up the hole that are productive of oil and/or gas that can be re-completed at a later date. Lastly, there are potential developmental locations to be drilled on the leased premise or on adjacent lands that can be leased later.
- 8) **Anse La Butte Field – St. Martin Parish, Louisiana.** Oil and Gas Leases on this prospect are currently being acquired with the eventual total of approximately 600 net acres. The project is situated on a piercement salt dome approximately 5-6 miles East of Lafayette, Louisiana. The field has produced from multiple zones in the Miocene formation for many years. The primary zones of interest are shallow sands occurring between 800' and 1,000'. There are 3 zones that have produced oil on the dome in that range. Initially the Company will perform re-entries of wells on its leases, but there will be numerous development drilling locations available. Further, there is potential for additional production of oil from sands developing in the 4,000' range as well as a zone (Het) occurring near 8,000', all for future development.

Option properties being acquired include the following:

- 1) **Gruy Field – Duval County, Texas.** The Company has purchased an option to purchase a 160-acre tract on the Northern end of this field, which is the North quarter of a 640-acre drilling unit in the field. The field was discovered in 1948 with the completion of a commercial well in a Jackson Series sand, known as the Cole or locally as the Daugherty sand, at an approximate depth of 2,500'. The field has accumulated to date 2.6 million barrels of oil from this zone. The 640-acre unit recovered 550,000 barrels of oil prior to being abandoned. A recent geological study indicates that the field was not fully developed and that there are a number of infield locations to be drilled, of which 7 or 8 are on this option tract. Electric logs run in the wells drilled in the field have been evaluated and

indicate that there are several potential gas sands present. The Company plans to drill its initial well to a depth of 3,000' in order to evaluate all potentially productive zones, which should occur in the first quarter of 2012. We expect the initial production rates to range from 30 bopd to 75 bopd. The Company has verbally arranged for an option to acquire a lease on an additional 480 acres immediately South of this tract.

EXHIBIT “B”

Financial Statements

&

Notes

Period Ending March 31, 2013

BAYSIDE CORPORATION
BALANCE SHEET
March 31, 2013
(UNAUDITED)

Assets	March 31,
Current Assets	<u>2013</u>
Cash & Cash Equivalents	\$ -0-
Certificates of Deposit	130,000
Notes Receivable	-
Prepaid Expenses & Deposits	-
Other Current Assets & Miscellaneous	<u> </u>
Total Current Assets	\$ 130,000
Fixed Assets	\$ -
Other Assets	
Securities	-
Oil & Gas Leasehold	<u>2,299,950</u>
TOTAL ASSETS	<u>\$ 2,529,950</u>
 Liabilities and Stockholders' Equity (Deficit)	
Current Liabilities	
Accounts Payable & Accrued Expenses	\$ 225,504
Notes Payable: (1)	360,000
Turnkey Payables- Drilling Projects	<u> </u>
Total Current Liabilities	\$ 585,504
Long Term Liabilities	<u> </u>
Total Liabilities	<u>\$ 585,504</u>
Stockholder's Equity	
Common Stock, authorized 3,400,000,000 shares, 66,142,631 issued as of 12.31.12, par value \$0.0001	6,614
Preferred Stock, authorized 50,000,000 shares, 2,000,000 Issued @ \$0.0001	200
Additional Paid in Capital	2,946,916
Retained Earnings (Deficit)	<u>(1,009,284)</u>
Total Stockholder's Equity (Deficit)	<u>\$ 1,944,446</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 2,529,950</u>

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

BAYSIDE CORPORATION.
STATEMENT OF OPERATIONS
March 31, 2013
(UNAUDITED)

	March 31,
	2013
Revenues	\$ -
Cost of Revenues	-
Gross Profit	\$ -
Expenses	-
Impairment (leasehold write off)	-
Net Gain (Loss)	<u>\$ (0.00)</u>
Gain Per Share (Loss)	<u>\$ (0.00)</u>
Weighted Average Shares Outstanding	<u>66,142,631</u>

BAYSIDE CORPORATION
STATEMENT OF CASH FLOWS
March 31, 2013
(UNAUDITED)

	<u>March 31,</u> <u>2013</u>
Cash Flows from Operating Activities	\$ -
Net Profits for the Period	-
Depreciation	-
Common Stock Issued	-
Changes in Assets and Liabilities, Accounts Rec	-
Accounts Payable and Accrued Expenses	-
Net Cash Flows from Operating Activities	<u>\$ -</u>
Cash Flows from Investing Activities	-
Purchase of Goodwill	-
Net Cash flows from Investing Activities	<u>\$ -</u>
Cash Flows from Financing Activities	
Proceeds from Stock Subscribed	\$ -
Reduction of Notes	-
Net Increase in Cash	<u>\$ -</u>
Cash – beginning	<u>\$ -</u>
Cash-end	<u><u>\$ (0)</u></u>

BAYSIDE CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING March 31, 2013

Note 1 – Organization and Significant Accounting Policies

Organization and Line of Business

Bayside Corporation. (the “Company”) was incorporated in the state of Nevada on October 17, 1984 originally as Two-B Company, a clothing wholesaler. In April of 1999 the Company changed its name to American Terra Vehicles Corp. after completing a reverse merger and became active as a developer and distributor of all-terrain vehicles. In August of 2008 the Company changed its name to Bayside Petroleum Company, Inc., in anticipation of its new business plan in the oil and gas industry. In January, 2011 the Company again changed its name to Bayside Corporation. The Company was re-domiciled on November 14, 2011 as a Wyoming corporation.

Basis of Presentation/Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company had no material assets and a negative retained deficit while operating as American Terra Vehicles. These conditions raised substantial doubt as to the Company’s ability to continue as a going concern at that time. It should be noted that since entering into the oil and gas business the Company has acquired significant oil and gas properties. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Reverse Stock Split

In May of 2008 the company effectuated a 20 to 1 reverse stock split reducing the shares outstanding from 7,940,000 shares to 397,000 shares. In June 2008, 200,000 shares were cancelled.

In June, 2011 the company effectuated a 250:1 reverse stock split for its common shares reducing the outstanding shares from 2,559,304,974 to 10,237,630 shares.

Merger

Effective September 22, 2009 the Company merged with Nueces Valley Resources, Inc., a closely held Dallas, Texas, based corporation. The Company acquired all the assets of Nueces Valley Resources in exchange for 27,351,500 shares of Common Stock and 27,352 shares of Preferred Stock. However, subsequently this transaction was rescinded, effective as of the date of the merger.

Stock Based Compensation

SFAS No. 123, “Accounting for Stock-Based Compensation,” establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock based compensation the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. For stock-based awards the value is based on the market value for the stock on the date of grant. Stock option awards are valued using the Black-Scholes option-pricing model.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, other current assets, accounts payable, accrued interest and due to related party, the carrying amounts approximate fair value due to their short maturities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company defines cash equivalents as all highly liquid debt instruments purchased with a maturity of three months or less, plus all certificates of deposit.

A Certificate of Deposit in the amount of \$50,000 is pledged to a Letter of Credit issued by the American National Bank of Texas to secure the financial security required by the Texas Railroad Commission for future plugging of wells in Texas and on behalf of Stonegate Operators, Inc., the company operating on behalf of the Corporation. Two Certificate of Deposits in the amount of \$60,000 and \$20,000 are pledged to Letters of Credit in like amounts to Bank of Texas to secure the financial responsibility required by the Mississippi State Oil & Gas Board for future plugging of wells in Mississippi on behalf of Rockland Oil Company, the company operating on behalf of the Corporation.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivables. The Company places its cash with high quality financial institutions and at times may exceed the FDIC \$250,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Impairment of Long-Lived Assets

SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 also establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary

differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings (Loss) Per Share

The Company reports earnings (loss) per share in accordance with SFAS No. 128, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share have not been presented since the effect of the assumed conversion of options and warrants to purchase common shares would have an anti-dilutive effect.

Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (FAS 141(R)). This Statement provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 141(R) no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (FAS 160). This Statement amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 160 no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which permits entities to choose to measure at fair value eligible financial instruments and certain other items that are not currently required to be measured at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS No. 159 no later than the first quarter of fiscal 2009. We are currently assessing the impact the adoption of SFAS No. 159 will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R). SFAS No. 158 requires company plan sponsors to display the net over- or under-funded position of a defined benefit postretirement plan as an asset or liability, with any unrecognized prior service costs, transition obligations or actuarial gains/losses reported as a component of other comprehensive income in shareholders' equity. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. We adopted the recognition provisions of SFAS No. 158 as of the end of fiscal 2007. The adoption of SFAS No. 158 did not have an effect on the Company's financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new

fair value measurements. However, the application of SFAS No. 157 may change current practice for some entities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We will adopt SFAS No. 157 in the first quarter of fiscal 2009. *We are currently assessing the impact that the adoption of SFAS No. 157 will have on our financial position and results of operations.*

In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (FIN 48). This interpretation clarifies the application of SFAS No. 109, Accounting for Income Taxes, by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements and also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006, but earlier adoption is permitted. The Company is in the process of evaluating the impact of the application of the Interpretation to its financial statements.

Note 2 – Convertible Notes Payable

The Company was obligated to a private individual for \$50,000 at December 31, 2007 which originated September 13, 2005. During the year ended December 31, 2008, the noteholder converted the note into 25,000,000 shares of common stock valued at \$.002.

On August 1, 2008 the Company executed a Management Services Agreement with DZ Energy, LLC whereby the Company would furnish the services of Gordon H. Johnson as the Chairman and the CEO of the Company. The agreement was for a period of three (3) years, terminating on July 31, 2011 unless extended. The agreement also provided that DZ Energy, LLC would be paid the sum of \$15,000 per month for the services provided, and that any part of this sum not paid would be accrued. Further, the agreement provided that the accrued sum could be converted into shares of Common stock of the Company upon the election of DZ Energy, LLC at a conversion rate approved by the Board of Directors. The note fully matured in the amount of \$484,300 and was paid in full with the conversion into shares of Common Stock of the Company.

On August 15, 2010 the Company issued a Promissory Note in the amount of \$451,000 to cover costs of services provided for the Company and the acquisition of oil and gas leases. These amounts were paid by DZ Energy, LLC and/or its affiliate companies. The note fully matured and was paid with the conversion into shares of Common Stock of the Company.

On August 1, 2011 the Company renewed the Management Services Agreement with DZ Energy, LLC, which provided for the payment of \$15,000 per month for the services provided. The term of the Agreement is three (3) years and a Note was issued in the amount of \$540,000 covering the total to be paid under the Agreement. In September 2012 DZ Energy, LLC converted \$180,000 of the Note into 9 million shares of Common Stock of the Company.

Note 3 – Goodwill

The Company issued 30,000,000 shares of common stock for the purchase of the assets of DZ Energy LLC. These shares were valued at market at \$.02 cents per share resulting in a value of \$600,000 which was assigned to goodwill. The Company then impaired this acquisition in full as the value of the oil leases purchased going forward could not be measured precisely.

Note 4 – Purchase of Assets

The Company issued 24,803,000 shares of Common stock to DZ Energy, LLC in exchange for oil and gas properties on May 29, 2009. The properties were valued at \$1,886,876.00, which was reflected on the Balance Sheet of the Company.

The Company issued 1,490,000 shares of Common Stock of the Company in exchange for a 13% working interest in the P. E. White and the Bishop Cattle Co. leases.

Note 5 – Income taxes

Income taxes are accounted for in accordance with SFAS 109, *Accounting for Income Taxes*, using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company has a net loss carryforward equal to approximately \$50,000. The deferred tax asset related to this carryforward has been reserved in full due to the fact that it is more likely than not that the Company will realize this asset.

EXHIBIT “C”
Financial Statements
&
Notes
Periods Ending
December 31, 2012
&
December 31, 2011

BAYSIDE CORPORATION
BALANCE SHEET
December 31, 2012
(UNAUDITED)

Assets	December 31,
	<u>2012</u>
Current Assets	
Cash & Cash Equivalents	\$ -0-
Certificates of Deposit	130,000
Notes Receivable	-
Prepaid Expenses & Deposits	-
Other Current Assets & Miscellaneous	<u> </u>
Total Current Assets	\$ 130,000
Fixed Assets	\$ -
Other Assets	
Securities	-
Oil & Gas Leasehold	<u>2,299,950</u>
TOTAL ASSETS	<u>\$ 2,529,950</u>
 Liabilities and Stockholders' Equity (Deficit)	
Current Liabilities	
Accounts Payable & Accrued Expenses	\$ 225,504
Notes Payable: (1)	540,000
Turnkey Payables- Drilling Projects	<u> </u>
Total Current Liabilities	\$ 765,504
Long Term Liabilities	<u> </u>
Total Liabilities	<u>\$ 765,504</u>
Stockholder's Equity	
Common Stock, authorized 3,400,000,000 shares, 66,142,631 issued as of 12.31.12, par value \$0.0001	6,614
Preferred Stock, authorized 50,000,000 shares, 2,000,000 Issued @ \$0.0001	200
Additional Paid in Capital	2,766,916
Retained Earnings (Deficit)	<u>(1,009,284)</u>
Total Stockholder's Equity (Deficit)	<u>\$ 1,764,446</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 2,529,950</u>

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

BAYSIDE CORPORATION.
STATEMENT OF OPERATIONS
December 31, 2012
(UNAUDITED)

	December 31,
	2012
Revenues	\$ -
Cost of Revenues	-
Gross Profit	\$ -
Expenses	-
Impairment (leasehold write off)	-
Net Gain (Loss)	<u>\$ (0.00)</u>
Gain Per Share (Loss)	<u>\$ (0.00)</u>
Weighted Average Shares Outstanding	<u>66,142,631</u>

BAYSIDE CORPORATION
STATEMENT OF CASH FLOWS
December 31, 2012
(UNAUDITED)

	December 31, <u>2012</u>
Cash Flows from Operating Activities	\$ -
Net Profits for the Period	-
Depreciation	-
Common Stock Issued	-
Changes in Assets and Liabilities, Accounts Rec	-
Accounts Payable and Accrued Expenses	-
Net Cash Flows from Operating Activities	<u>\$ -</u>
 Cash Flows from Investing Activities	 -
Purchase of Goodwill	<u>-</u>
 Net Cash flows from Investing Activities	 \$ -
Cash Flows from Financing Activities	-
Proceeds from Stock Subscribed	-
Reduction of Notes	<u>-</u>
 Net Increase in Cash	 \$ -
 Cash – beginning	 <u>\$ -</u>
Cash-end	<u><u>\$ (0)</u></u>

BAYSIDE CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING December 31, 2012

Note 1 – Organization and Significant Accounting Policies

Organization and Line of Business

Bayside Corporation. (the “Company”) was incorporated in the state of Nevada on October 17, 1984 originally as Two-B Company, a clothing wholesaler. In April of 1999 the Company changed its name to American Terra Vehicles Corp. after completing a reverse merger and became active as a developer and distributor of all-terrain vehicles. In August of 2008 the Company changed its name to Bayside Petroleum Company, Inc., in anticipation of its new business plan in the oil and gas industry. In January, 2011 the Company again changed its name to Bayside Corporation.

Basis of Presentation/Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company had no material assets and a negative retained deficit while operating as American Terra Vehicles. These conditions raised substantial doubt as to the Company’s ability to continue as a going concern at that time. It should be noted that since entering into the oil and gas business the Company has acquired significant oil and gas properties. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Reverse Stock Split

In May of 2008 the company effectuated a 20 to 1 reverse stock split reducing the shares outstanding from 7,940,000 shares to 397,000 shares. In June 2008, 200,000 shares were cancelled.

In June, 2011 the company effectuated a 250:1 reverse stock split for its common shares reducing the outstanding shares from 2,559,304,974 to 10,237,630 shares.

Merger

Effective September 22, 2009 the Company merged with Nueces Valley Resources, Inc., a closely held Dallas, Texas, based corporation. The Company acquired all the assets of Nueces Valley Resources in exchange for 27,351,500 shares of Common Stock and 27,352 shares of Preferred Stock. However, subsequently this transaction was rescinded, effective as of the date of the merger.

Stock Based Compensation

SFAS No. 123, “Accounting for Stock-Based Compensation,” establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock based compensation the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. For stock-based awards the value is based on the market value for the stock on the date of grant. Stock option awards are valued using the Black-Scholes option-pricing model.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, other current assets, accounts payable, accrued interest and due to related party, the carrying amounts approximate fair value due to their short maturities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company defines cash equivalents as all highly liquid debt instruments purchased with a maturity of three months or less, plus all certificates of deposit.

A Certificate of Deposit in the amount of \$50,000 is pledged to a Letter of Credit issued by the American National Bank of Texas to secure the financial security required by the Texas Railroad Commission for future plugging of wells in Texas and on behalf of Stonegate Operators, Inc., the company operating on behalf of the Corporation. Two Certificate of Deposits in the amount of \$60,000 and \$20,000 are pledged to Letters of Credit in like amounts to Bank of Texas to secure the financial responsibility required by the Mississippi State Oil & Gas Board for future plugging of wells in Mississippi on behalf of Rockland Oil Company, the company operating on behalf of the Corporation.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivables. The Company places its cash with high quality financial institutions and at times may exceed the FDIC \$250,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Impairment of Long-Lived Assets

SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 also establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of

management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings (Loss) Per Share

The Company reports earnings (loss) per share in accordance with SFAS No. 128, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share have not been presented since the effect of the assumed conversion of options and warrants to purchase common shares would have an anti-dilutive effect.

Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (FAS 141(R)). This Statement provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 141(R) no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (FAS 160). This Statement amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 160 no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which permits entities to choose to measure at fair value eligible financial instruments and certain other items that are not currently required to be measured at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS No. 159 no later than the first quarter of fiscal 2009. We are currently assessing the impact the adoption of SFAS No. 159 will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R). SFAS No. 158 requires company plan sponsors to display the net over- or under-funded position of a defined benefit postretirement plan as an asset or liability, with any unrecognized prior service costs, transition obligations or actuarial gains/losses reported as a component of other comprehensive income in shareholders' equity. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. We adopted the recognition provisions of SFAS No. 158 as of the end of fiscal 2007. The adoption of SFAS No. 158 did not have an effect on the Company's financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the application of SFAS No. 157 may change current practice for some entities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after

November 15, 2007, and interim periods within those fiscal years. We will adopt SFAS No. 157 in the first quarter of fiscal 2009. We are currently assessing the impact that the adoption of SFAS No. 157 will have on our financial position and results of operations.

In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (FIN 48). This interpretation clarifies the application of SFAS No. 109, Accounting for Income Taxes, by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements and also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006, but earlier adoption is permitted. The Company is in the process of evaluating the impact of the application of the Interpretation to its financial statements.

Note 2 – Convertible Notes Payable

The Company was obligated to a private individual for \$50,000 at December 31, 2007 which originated September 13, 2005. During the year ended December 31, 2008, the noteholder converted the note into 25,000,000 shares of common stock valued at \$.002.

On August 1, 2008 the Company executed a Management Services Agreement with DZ Energy, LLC whereby the Company would furnish the services of Gordon H. Johnson as the Chairman and the CEO of the Company. The agreement was for a period of three (3) years, terminating on July 31, 2011 unless extended. The agreement also provided that DZ Energy, LLC would be paid the sum of \$15,000 per month for the services provided, and that any part of this sum not paid would be accrued. Further, the agreement provided that the accrued sum could be converted into shares of Common stock of the Company upon the election of DZ Energy, LLC at a conversion rate approved by the Board of Directors. The note fully matured in the amount of \$484,300 and was paid in full with the conversion into shares of Common Stock of the Company.

On August 15, 2010 the Company issued a Promissory Note in the amount of \$451,000 to cover costs of services provided for the Company and the acquisition of oil and gas leases. These amounts were paid by DZ Energy, LLC and/or its affiliate companies. The note fully matured and was paid with the conversion into shares of Common Stock of the Company.

On August 1, 2011 the Company renewed the Management Services Agreement with DZ Energy, LLC, which provided for the payment of \$15,000 per month for the services provided. The term of the Agreement is three (3) years and a Note was issued in the amount of \$540,000 covering the total to be paid under the Agreement.

Note 3 – Goodwill

The Company issued 30,000,000 shares of common stock for the purchase of the assets of DZ Energy LLC. These shares were valued at market at \$.02 cents per share resulting in a value of \$600,000 which was assigned to goodwill. The Company then impaired this acquisition in full as the value of the oil leases purchased going forward could not be measured precisely.

Note 4 – Purchase of Assets

The Company issued 24,803,000 shares of Common stock to DZ Energy, LLC in exchange for oil and gas properties on May 29, 2009. The properties were valued at \$1,886,876.00, which was reflected on the Balance Sheet of the Company.

The Company issued 1,490,000 shares of Common Stock of the Company in exchange for a 13% working interest in the P. E. White and the Bishop Cattle Co. leases.

Note 5 – Income taxes

Income taxes are accounted for in accordance with SFAS 109, *Accounting for Income Taxes*, using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company has a net loss carryforward equal to approximately \$50,000. The deferred tax asset related to this carryforward has been reserved in full due to the fact that it is more likely than not that the Company will realize this asset.

FNANCIAL STATEMENTS
FOR
THE PERIOD ENDING
DECEMBER 31, 2011

BAYSIDE CORPORATION
BALANCE SHEET
December 31, 2011
(UNAUDITED)

Assets	December 31,
Current Assets	<u>2011</u>
Cash & Cash Equivalents	\$ -
Accounts Receivable	-
Notes Receivable	-
Prepaid Expenses & Deposits	-
Other Current Assets & Miscellaneous	<u>-</u>
Total Current Assets	\$ -
Fixed Assets	\$ -
Other Assets	
Securities	-
Oil & Gas Leasehold	<u>2,267,676</u>
TOTAL ASSETS	<u>\$ 2,267,676</u>
 Liabilities and Stockholders' Equity (Deficit)	
Current Liabilities	
Accounts Payable & Accrued Expenses	\$ -
Notes Payable: (1) Accrued Payroll	-
(2) Services & Properties	-
Turnkey Payables- Drilling Projects	<u>-</u>
Total Current Liabilities	\$ -
Long Term Liabilities	<u>-</u>
Total Liabilities	<u>\$ -</u>
Stockholder's Equity	
Common Stock, authorized 3,400,000,000 shares, 25,832,630 issued as of 9.30.11, par value \$0.0001	2,583
Preferred Stock, authorized 50,000,000 shares, 12,000,000 Issued @ \$0.0001	1,200
Additional Paid in Capital	3,179,657
Retained Earnings (Deficit)	<u>(915,764)</u>
Total Stockholder's Equity (Deficit)	<u>\$ 2,267,676</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 2,267,676</u>

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

BAYSIDE CORPORATION.
STATEMENT OF OPERATIONS
December 31, 2011
(UNAUDITED)

	December 31,
	<u>2011</u>
Revenues	\$ 110,000
Cost of Revenues	<u>(49,500)</u>
Gross Profit	\$ 60,500
Expenses	(307,824)
Impairment (leasehold write off)	<u>-</u>
Net Gain (Loss)	<u>\$ (247,824)</u>
Gain Per Share (Loss)	<u>\$ (0.01)</u>
Weighted Average Shares Outstanding	<u>1,131,686,323</u>

BAYSIDE CORPORATION
STATEMENT OF CASH FLOWS
December 31, 2011
(UNAUDITED)

	December 31, <u>2011</u>
Cash Flows from Operating Activities	\$ 60,500
Net Profits for the Period	(307,824)
Depreciation	-
Common Stock Issued	-
Changes in Assets and Liabilities, Accounts Rec	-
Accounts Payable and Accrued Expenses	-
Net Cash Flows from Operating Activities	<u>\$ (247,824)</u>
Cash Flows from Investing Activities	-
Purchase of Goodwill	-
Net Cash flows from Investing Activities	<u>\$ (247,824)</u>
Cash Flows from Financing Activities	
Proceeds from Stock Subscribed	\$ -
Reduction of Notes	-
Net Increase in Cash	<u>\$ 0</u>
Cash – beginning	<u>\$ 0</u>
Cash-end	<u><u>\$ 0</u></u>

BAYSIDE CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING December 31, 2011

Note 1 – Organization and Significant Accounting Policies

Organization and Line of Business

Bayside Corporation. (the “Company”) was incorporated in the state of Nevada on October 17, 1984 originally as Two-B Company, a clothing wholesaler. In April of 1999 the Company changed its name to American Terra Vehicles Corp. after completing a reverse merger and became active as a developer and distributor of all-terrain vehicles. In August of 2008 the Company changed its name to Bayside Petroleum Company, Inc., in anticipation of its new business plan in the oil and gas industry. In January, 2011 the Company again changed its name to Bayside Corporation.

Basis of Presentation/Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company had a negative retained deficit while operating as American Terra Vehicles. These conditions raised substantial doubt as to the Company’s ability to continue as a going concern at that time. It should be noted that since entering into the oil and gas business the Company has acquired significant oil and gas properties. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Reverse Stock Split

In May of 2008 the company effectuated a 20 to 1 reverse stock split reducing the shares outstanding from 7,940,000 shares to 397,000 shares. In June 2008, 200,000 shares were cancelled.

In June, 2011 the company effectuated a 250:1 reverse stock split for its common shares reducing the outstanding shares from 2,559,304,974 to 10,237,630 shares.

Merger

Effective September 22, 2009 the Company merged with Nueces Valley Resources, Inc., a closely held Dallas, Texas, based corporation. The Company acquired all the assets of Nueces Valley Resources in exchange for 27,351,500 shares of Common Stock and 27,352 shares of Preferred Stock. However, subsequently this transaction was rescinded, effective as of the date of the merger.

Stock Based Compensation

SFAS No. 123, “Accounting for Stock-Based Compensation,” establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock based compensation the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. For stock-based awards the value is based on the

market value for the stock on the date of grant. Stock option awards are valued using the Black-Scholes option-pricing model.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, other current assets, accounts payable, accrued interest and due to related party, the carrying amounts approximate fair value due to their short maturities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company defines cash equivalents as all highly liquid debt instruments purchased with a maturity of three months or less, plus all certificates of deposit.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivables. The Company places its cash with high quality financial institutions and at times may exceed the FDIC \$250,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Impairment of Long-Lived Assets

SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 also establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings (Loss) Per Share

The Company reports earnings (loss) per share in accordance with SFAS No. 128, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by

the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share have not been presented since the effect of the assumed conversion of options and warrants to purchase common shares would have an anti-dilutive effect.

Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (FAS 141(R)). This Statement provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. We adopted FAS 141(R) in the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (FAS 160). This Statement amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 is effective for fiscal years beginning after December 15, 2008. We adopted FAS 160 in the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which permits entities to choose to measure at fair value eligible financial instruments and certain other items that are not currently required to be measured at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We adopted SFAS No. 159 in the first quarter of fiscal 2009. We are currently assessing the impact the adoption of SFAS No. 159 will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R). SFAS No. 158 requires company plan sponsors to display the net over- or under-funded position of a defined benefit postretirement plan as an asset or liability, with any unrecognized prior service costs, transition obligations or actuarial gains/losses reported as a component of other comprehensive income in shareholders' equity. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. We adopted the recognition provisions of SFAS No. 158 as of the end of fiscal 2007. The adoption of SFAS No. 158 did not have an effect on the Company's financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the application of SFAS No. 157 may change current practice for some entities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We adopted SFAS No. 157 in the first quarter of fiscal 2009. *We are currently assessing the impact that the adoption of SFAS No. 157 will have on our financial position and results of operations.*

In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (FIN 48). This interpretation clarifies the application of SFAS No. 109, Accounting for Income Taxes, by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements and also

provides guidance on measurement, recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006, but earlier adoption is permitted. The Company is in the process of evaluating the impact of the application of the Interpretation to its financial statements.

Note 2 – Convertible Notes Payable

(1) The Company was obligated to a private individual for \$50,000 at December 31, 2007 which originated September 13, 2005. During the year ended December 31, 2008, the note holder converted the note into 25,000,000 shares of common stock valued at \$.002.

(2) On August 1, 2008 the Company executed a Management Services Agreement with DZ Energy, LLC whereby the Company would furnish the services of Gordon H. Johnson as the Chairman and the CEO of the Company. The agreement was for a period of three (3) years, terminating on July 31, 2011 unless extended. The agreement also provided that DZ Energy, LLC would be paid the sum of \$15,000 per month for the services provided, and that any part of this sum not paid would be accrued. Further, the agreement provided that the accrued sum could be converted into shares of Common stock of the Company upon the election of DZ Energy, LLC at a conversion rate approved by the Board of Directors. Simultaneously with the execution of this agreement the Company issued a Convertible Promissory Note in the amount of \$540,000 being the total sum to be paid under the Management Services Agreement. The amount accrued through June, 2011 was \$469,300. The amount was incorrectly stated on the financial statement for March 31, 2011 and has been restated in the attached financials. The amount has now fully matured in the amount of \$484,300.

(3) On August 15, 2010 the Company issued a Promissory Note in the amount of \$451,000 to cover costs of services provided for the Company and the acquisition of oil and gas leases. These amounts were paid by DZ Energy, LLC and/or its affiliate companies.

Notes (2) and (3) above were paid with the issue of 15.595 million shares of the Common Stock of the Corporation issued to the designees of DZ Energy, LLC.

Note 3 – Goodwill

The Company issued 30,000,000 shares of common stock for the purchase of the assets of DZ Energy LLC. These shares were valued at market at \$.02 cents per share resulting in a value of \$600,000 which was assigned to goodwill. The Company then impaired this acquisition in full as the value of the oil leases purchased going forward could not be measured precisely.

Note 4 – Purchase of Assets

The Company issued 24,803,000 shares of Common stock to DZ Energy, LLC in exchange for oil and gas properties on May 29, 2009. The properties were valued at \$1,886,876.00, which was reflected on the Balance Sheet of the Company.

Additional interests in properties were acquired with the issue of shares of Common Stock of the Corporation in the payment of Note (3) above.

Note 5 – Income taxes

Income taxes are accounted for in accordance with SFAS 109, *Accounting for Income Taxes*, using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company has a net loss carry forward equal to approximately \$50,000. The deferred tax asset related to this carry forward has been reserved in full due to the fact that it is more likely than not that the Company will realize this asset.