BAYSIDE PETROLEUM COMPANY, INC.

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

JUNE 30, 2010

AND

DEDEMBER 31, 2009

June 30, 2010

The following Unaudited Financial Statements, being the Balance Sheets, Statement of Operations, and the accompanying Notes to Financial Statements reflect the current financial state of the Company and are true and accurate to the best of my knowledge.

BAYSIDE PETROLEUM COMPANY, INC.

Gordon H. Johnson, President & Chief Executive Officer

BAYSIDE PETROLEUM COMPANY, INC.

BALANCE SHEETS
(UNAUDITED)

	June 30, 2010	December 31, 2009
Assets		
Current Assets		
Cash & Cash Equivalents	$ 398,694	$ 407,051
Accounts Receivable	390,289	780,279
Notes Receivable	19,000	19,000
Prepaid Expenses & Deposits	4,338	173,498
Other Current Assets (Investments)	211,998	115,190
Total Current Assets	$ 1,024,319	$ 1,495,018
Fixed Assets	$ 38,442	40,465
Other Assets		
Securities	2,940	2,940
Prepaid FIT	14,500	-
Oil & Gas Leasehold	1,718,259	1,718,259
TOTAL ASSETS	$ 2,798,460	$ 3,256,682
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts Payable & Accrued Expenses	$ 46,709	$ 322,837
Notes Payable	28,000	28,000
Loans from Officer	150,000	-
Payables to Joint Ventures	27,277	-
Taxes Payable	6,699	-
Turnkey Payables- Drilling Projects	722,967	1,153,253
Total Current Liabilities	$ 981,652	$ 1,504,090
Long Term Liabilities	-	353
Total Liabilities	$ 981,652	$ 1,504,443
Stockholders Equity		
Common Stock, authorized 3,400,000 shares, 1,690,512,229 Issued & outstanding @ $0.0001 par value	169,051	81,990
Preferred Stock, authorized 100,000,000 shares, 12,000,001 Issued @ $0.0001	1,200	2,057
Additional Paid in Capital	2,032,350	2,053,985
Retained Earnings (Deficit)	(385,793)	(385,793)
Total Stockholders Equity (Deficit)	$ 1,817,660	$ 1,752,239
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,798,460	$ 3,256,682

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

BAYSIDE PETROLEUM COMPANY, INC.
STATEMENT OF OPERATIONS
(UNAUDITED)

	June 30, 2010	December 31, 2009
Revenues	$ 670,819	$ 1,970,411
Cost of Revenues	(20,690)	(857,592)
Gross Profit	$ 650,129	$ 1,112,819
Expenses	(1,137,768)	(1,203,998)
Net Profit (Loss)	$ (487,639)	$ (100,447)
Loss Per Share	$ (0.0014)	$ (0.0012)
Weighted Average Shares Outstanding	357,178,895	70,069,588

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

BAYSIDE PETROLEUM COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND DECEMBER 31, 2009

Note 1 – Organization and Significant Accounting Policies

Organization and Line of Business

Bayside Petroleum, Inc. (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 after completing a reverse merger. The company was dormant thru 2007. In August of 2008 the Company changed its name to Bayside Petroleum, in anticipation of its new business plan.

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. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. 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. The financial statements have been adjusted to reflect this split for all periods presented.

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.

Change in Capital Structure

On May 1, 2010 the Company held a Special Meeting of Shareholder's and approved the restructure of the capitalization of the Company, On May 12, 2010 the Company filed an Amendment to Articles of Incorporation with the Nevada Secretary of State whereby the authorized shares of the company were increased to 3.5 billion shares. A Certificate of Designation was also filed on the same date with the Nevada Secretary of State designating 3.4 billion shares as Common Stock, 50 million as Series A Preferred Stock and 50 million as Series B Preferred Stock.

Issuance of Shares

On May 13, 2010 the Company entered into an employment services contract with DZ Energy, Inc. and issued 10 million Series B Preferred shares and 1.2 billion Common shares of stock in connection therewith. Also, the Company on the same date entered into consulting agreements with the Fordee CA Trust and the Market Awareness Corp. and issued 200 million common shares and 1 million Series B Preferred shares to each.

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 has 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 fis*cal 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 Note 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.

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 – 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.