ANNUAL FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

TENTH AVENUE PETROLEUM CORP.
TSXV:TPC

www.tenthavenuepetroleum.com

MANAGEMENT'S REPORT

Calgary, Alberta
April 22, 2024

Management's Responsibility to file Financial Statements

Management is responsible for the preparation of the accompanying financial statements and for the consistency therewith of all other financial and operating data presented in this annual report. The financial statements have been prepared in accordance with the accounting policies detailed in the notes thereto. In management's opinion, the financial statements are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, have been prepared within acceptable limits of materiality, and have utilized supportable, reasonable estimates.

The Board of Directors approves the financial statements. Their financial statement-related responsibilities are fulfilled primarily through the Audit Committee. The Audit Committee is composed entirely of independent directors, and includes at least one director with financial expertise. The Audit Committee meets regularly with management and the external auditors to discuss reporting and internal control issues and ensures each party is properly discharging its responsibilities. The Audit Committee also considers the independence of the external auditors and reviews their fees.

The financial statements have been audited by Crowe MacKay LLP, Chartered Professional Accountants, in accordance with Canadian Auditing Standards on behalf of the shareholders.

[signed] "Cameron MacDonald"	*[signed] "Sonja Kuehnle"*
President and Chief Executive Officer	Chief Financial Officer

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Independent Auditor's Report

To the Shareholders of Tenth Avenue Petroleum Corp.

Opinion

We have audited the financial statements of Tenth Avenue Petroleum Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and December 31, 2022 and the statements of net loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the recoverable amount of cash generating units
We draw attention to Notes 2, 3 and 7 to the financial statements. The Company assesses at each reporting date whether there is an indication that petroleum and natural gas assets within cash generating units ("CGUs") may be impaired or that historical impairment may be reversed. If any such indication exists, the asset's or CGUs recoverable amount is estimated. For the year ended December 31, 2023, the Company determined that the estimated recoverable amounts of the Swan Hills and Vulcan CGUs were less than the carrying values resulting in an impairment charge of $1,043,842, while the recoverable amount of the Murray Lake-Hays CGU exceeded the carrying value resulting in a previous impairment charge, net of depletion, of $571,957 being reversed.

The estimated recoverable amount of each of the CGUs involves significant estimates, including:

- The estimate of cash flows associated with the proved and probable oil and gas reserves; and
- The discount rates.

The estimate of cash flows associated with the proved and probable oil and gas reserves includes significant assumptions related to:

- Forecasted oil and gas commodity prices;
- Forecasted production and reserve volumes;
- Forecasted operating costs;
- Forecasted royalty costs;
- Forecasted future development costs; and
- Discount rate.

The Company engaged an independent third party reserves evaluator to estimate the cash flows associated with the proved and probable oil and gas reserves as at December 31, 2023.

Why the Matter is a Key Audit Matter
We identified the assessment of the recoverable amount of the CGUs as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures with respect to the estimate of cash flows associated with the proved and probable oil and gas reserves and the discount rates.

How the Key Audit Matter was Addressed in the Audit
The following are the primary procedures we performed to address this key audit matter:

With respect to the estimate of cash flows associated with the proved and probable oil and gas reserves as at December 31, 2023:

- We evaluated the competence, capabilities and objectivity of the independent third party reserve evaluators engaged by the Company;

- We compared forecasted oil and gas commodity prices to those published by other independent third party reserve evaluators;

- We compared the 2023 actual production, operating costs, royalty costs and development costs of the the CGUs to those estimates used in the prior year's estimate of cash flows associated with the proved and probable oil and gas reserves to assess the Company's ability to accurately forecast; and

- We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to the 2023 historical results. We took into account changes in conditions and events affecting the Company to assess the adjustments or lack of adjustments made by the Company in arriving at the assumptions.

- We benchmarked the discount rates used against comparable industry data and peer groups and assessed the appropriateness of these rates.

Decommissioning obligations
We draw attention to Notes 2, 3 and 9 to thefinancial statements. The Company recognizes a provision for the future cost of decommissioning oil and gas wells and production facilities discounted back to present value. The calculation and recognition of this provision in thefinancial statements requires a number of significant assumptions, including the selection of an appropriate discount rate and estimation of the costs and timing of activities required to decommission oil and gas wells and facilities.

Why the Matter is a Key Audit Matter
We identified provisions for the future cost of decommissioning oil and gas wells and facilities as a key audit matter. Significant auditor judgment was required to evaluate the results of our audit procedures with respect to the estimate of the cost and timing associated with the decommissioning of oil and gas wells and facilities and the discount rates used in the calculation.

How the Key Audit Matter was Addressed in the Audit
In responding to the key audit matter, we performed the following audit procedures:

- Identifying the key assumptions and inputs used within management's calculation of decommissioning obligations and assessing them against industry, regulatory and other third party data in order to determine whether the assumptions used are reasonable and can be sufficiently supported; and

- Benchmarking the discount and inflation rates used in the calculation of decommissioning obligations against comparable market data and assessing the appropriateness of these rates.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Todd Freer.

Crowe MacKay LLP

Chartered Professional Accountants
Calgary, Canada
April 22, 2024

TENTH AVENUE PETROLEUM CORP.
STATEMENTS OF FINANCIAL POSITION
(in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		$ 219,124	$ 704,218
Trade and other receivables	4	382,590	440,240
Prepaid expenses and deposits		169,957	224,834
Derivative financial instruments	4	68,603	-
		840,274	1,369,292
Long term			
Restricted cash held in trust	**5**	58,535	55,720
Property and equipment	7	5,018,102	5,643,023
		$ 5,916,911	**$ 7,068,035**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 740,303	$ 921,343
		740,303	921,343
Long term			
Decommissioning obligations	9	3,509,969	3,259,406
Total liabilities		4,250,272	4,180,749
SHAREHOLDERS' EQUITY			
Share capital	10	17,682,581	17,652,581
Contributed surplus		10,671,839	10,511,621
Deficit		(26,687,781)	(25,276,916)
		1,666,639	2,887,286
		$ 5,916,911	**$ 7,068,035**

Approved on behalf of the Board of Directors:

[signed] "Cameron MacDonald"
Cameron MacDonald, Director

[signed] "Ron Hozjan"
Ron Hozjan, Director

The accompanying notes are an integral part of these Financial Statements.

TENTH AVENUE PETROLEUM CORP.
STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED
(in Canadian Dollars)

	Note		December 31, 2023		December 31, 2022
REVENUE					
Oil & natural gas sales	11	$	3,752,001	$	3,899,389
Royalties			(512,199)		(687,730)
Gas gathering, processing and other income			101,360		24,112
			3,341,162		3,235,771
Realized gain on derivatives	4		44,938		-
Unrealized gain on derivatives	4		68,603		-
			3,454,703		3,235,771
EXPENSES					
Production and transportation			2,734,414		2,119,956
General and administrative			665,363		578,435
Bad debts	4		(52,465)		81,539
Accretion	9		106,555		71,918
Stock based compensation	10		160,218		375,339
Impairment of property and equipment	7		471,885		1,764,964
Depletion and depreciation	7		779,598		687,322
			4,865,568		5,679,473
LOSS FROM OPERATIONS			(1,410,865)		(2,443,702)
Other expense items					
Interest income			-		401
Interest expense	8		-		(4,559)
Other income	6		-		198,384
Other expenses	6		-		(162,799)
NET LOSS AND COMPREHENSIVE LOSS		$	(1,410,865)	$	(2,412,275)
LOSS PER SHARE					
Basic	10	$	(0.04)	$	(0.07)
Diluted	10	$	(0.04)	$	(0.07)

The accompanying notes are an integral part of these Financial Statements.

TENTH AVENUE PETROLEUM CORP.
STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED
(in Canadian Dollars)

	Note		December 31, 2023	December 31, 2022
SHAREHOLDERS' EQUITY				
Share capital	10			
Balance, beginning of year		$	17,652,581	$ 13,437,123
Warrants exercised			30,000	52,500
Stock options exercised			-	135,245
Private placements			-	3,116,250
Issued on property acquisitions			-	1,110,000
Share issuance costs			-	(198,537)
Balance, end of year		$	17,682,581	$ 17,652,581
Contributed surplus				
Balance, beginning of year		$	10,511,621	$ 10,192,777
Stock options exercised			-	(56,495)
Stock based compensation	10		160,218	375,339
Balance, end of year		$	10,671,839	$ 10,511,621
Deficit				
Balance, beginning of year		$	(25,276,916)	$ (22,864,641)
Net loss and comprehensive loss			(1,410,865)	(2,412,275)
Balance, end of year		$	(26,687,781)	$ (25,276,916)
TOTAL SHAREHOLDERS' EQUITY		**$**	1,666,639	$ 2,887,286

The accompanying notes are an integral part of these Financial Statements.

TENTH AVENUE PETROLEUM CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
(in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022
OPERATING ACTIVITIES			
Net loss		$ (1,410,865)	$ (2,412,275)
Items not affecting cash:			
Depletion and depreciation	7	779,598	687,322
Stock based compensation	10	160,218	375,339
Loan interest accrued	8	-	4,550
Bad debts (recovery)	4	(52,465)	81,539
Accretion	9	106,555	71,918
Unrealized gain on derivatives	4	(68,603)	-
Impairment	7	471,885	1,764,964
Changes in restricted cash		(2,815)	(55,720)
Changes in non-cash working capital	12	428,477	28,330
CASH PROVIDED BY OPERATING ACTIVITIES		411,985	545,967
FINANCING ACTIVITIES			
Proceeds from exercise of warrants	10	30,000	52,500
Proceeds from exercise of stock options	10	-	78,750
Repayment of long term loan	8	-	(40,000)
Proceeds from private placement, net of issue costs	10	-	2,917,713
CASH PROVIDED BY FINANCING ACTIVITIES		30,000	3,008,963
INVESTING ACTIVITIES			
Acquisitions	6	-	(2,494,807)
Purchase of property and equipment	7	(482,554)	(843,802)
Changes in non-cash working capital	12	(444,525)	444,525
CASH USED IN INVESTING ACTIVITIES		(927,079)	(2,894,084)
NET CHANGE IN CASH		(485,094)	660,846
CASH, beginning of year		704,218	43,372
CASH, end of year		$ 219,124	$ 704,218
Interest paid		$ -	$ -

Supplemental cash flow information (note 12)

The accompanying notes are an integral part of these Financial Statements.

1. GENERAL INFORMATION

Tenth Avenue Petroleum Corp. ("Tenth" or the "Company") was incorporated under the *Business Corporations Act* (Alberta). The Company is engaged in exploration, development and production of crude oil and natural gas properties in western Canada. Tenth's common shares are listed on the TSX Venture Exchange ("TSXV") and trade under the symbol "TPC". The Company's head office and registered address is located at 2003, 188 15th Avenue S.W., Calgary, Alberta T2R 1S4.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business.

As at December 31, 2023, the Company has a working capital surplus of $99,971 (2022 - $447,949), incurred a loss of $1,410,865 (2022 - $2,412,275) and had cash provided from operations of $411,985 (2022 - $545,967) for the year then ended. Management has applied significant judgement in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected commodity sales volumes and pricing and the timing and extent of capital and operating expenditures. The Company will be required to raise equity or debt financing to fund the future development costs required to recover the carrying values of its property and equipment. Although the Company has been successful in completing financings in the past, there is no guarantee that the Company will be able to continue to do so in the future. As such, there is a material uncertainty related to these events and conditions that may cast doubt on the Company's ability to continue as a going concern.

If the going concern assumption made by management is not appropriate and the Company is unable to meet its obligations as they become due, the going concern basis may not be appropriate and adjustments to the carrying amounts of the Company's assets, liabilities, revenues and expenses may be necessary. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These annual financial statements (the "Financial Statements") have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's Board of Directors approved these Financial Statements on April 22, 2024.

b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these Financial Statements and related notes are in Canadian dollars ("CA$"), which is the functional and presentation currency of the Company. The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value through profit and loss, stock based compensation, and business acquisitions which are measured at fair value.

c) Significant estimates and judgements

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and for any future years affected. These financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality.

i. Crude oil and natural gas reserves

The process of determining reserves is complex. Significant judgements are based on available geological, geophysical, engineering, and economic data. These judgements are based on estimates and assumptions that may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates are based on production forecasts, future prices and the timing and amount of future expenditures. As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation can be impacted by subjective decisions, new geological or production information and a changing environment. In addition, revisions to reserve estimates can arise from changes in forecast oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

Changes in reserve estimates impact the financial results of the Company as reserves and estimated future development capital ("FDC") are used to calculate depletion and impairment. Reserves are used in measuring the fair value less costs of disposal ("FVLCD") of property and equipment (PP&E) for impairment calculations. Reserves also impact the Company's assessment of the commercial viability and technical feasibility of an exploration project and the decision to transfer exploration and evaluation (E&E) assets to PP&E. Tenth's reserves have been evaluated by independent qualified reserves evaluators as at December 31, 2023 and December 31, 2022 in accordance with the Canadian Oil and Gas Evaluation Handbook.

ii. Depletion of crude oil and natural gas assets

The Company calculates a depletion factor based on total production as a percentage of proved plus probable reserves. The depletion factor is applied to the total depletable base determined as the net book value of the assets and the total estimated FDC expenditures for each depletion unit. Estimates for reserves and FDCs can have a significant impact on net earnings, as they are key components in the depletion calculation.

iii. Determination of cash generating units ("CGUs")

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. The asset composition of a CGU can directly impact the recoverability of the assets included therein.

As at December 31, 2023, Tenth has three CGUs, namely: Murray Lake-Hays, Swan Hills, and Vulcan.

iv. Recoverability of cash generating units

Management applies judgement in assessing indicators of impairment and reversal of impairment based on various internal and external factors. The recoverable amount of a CGU or of an individual asset is determined as the greater of its FVLCD or value in use ("VIU"). The key estimates in management's determination of recoverable amounts includes future commodity prices, expected production volumes, quantity of reserves and resources, future development and operating costs, discount rates, and income taxes. The evolving global demand to transition from carbon-based sources to alternative energy sources may also impact the assumptions used in determination of recoverable amounts, however, the timing of this impact is highly uncertain. As at December 31, 2023 and 2022, Tenth determined that there were indicators of impairment and an impairment test was completed as detailed in note 7.

v. Decommissioning obligations

Tenth estimates abandonment and reclamation costs based on a combination of publicly available industry information and internal site-specific information. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, market conditions, discovery and analysis of site conditions and emergence of new restoration techniques. The expected timing of abandonment and reclamation is also subject to change and impacts inflated future cost estimates and the estimated carrying amount (present value) of decommissioning obligations.

vi. Fair value of derivative financial instruments

The estimated fair value of derivative financial instruments is reliant upon several variables and may include forward curves for commodity prices, foreign exchange rates, or other variables depending on the nature of the underlying contract. A change in any one of these variables could materially impact the valuation of the instrument at the reporting period date. Furthermore, as these instruments are “marked-to-market” at the end of each reporting period, unrealized gains or losses can result in volatility of profit or loss. A sensitivity of the potential change in fair value of Tenth’s outstanding derivative financial instruments as at December 31, 2023 is provided in note 4.

vii. Business combinations

Business combinations also require judgment, estimates and assumptions in regard to contingent consideration, the date the acquirer obtains control, and fair value estimates on assets purchased and liabilities assumed. If determined to be a business combination, the Company applies the acquisition method to account for the recognition and measurement of identifiable assets acquired, liabilities assumed, any non-controlling interest and, if applicable, goodwill or a gain on the transaction. Significant changes could occur which could materially impact the assumptions and estimates made in these financial statements.

3. MATERIAL ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are set out below.

a) Financial instruments

Classification and measurement of financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized on the Statements of Financial Position at the time the Company becomes a party to the contractual provisions. The Company’s financial assets and financial liabilities are classified into two categories: Amortized Cost and Fair Value through Profit and Loss (“FVTPL”). The classification of financial assets is determined by their context in Tenth’s business model and by the characteristics of the financial asset’s contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition. Subsequent measurement is dependent on the financial instrument’s classification.

Amortized Cost

Cash, trade and other receivables and accounts payable and accrued liabilities are measured at amortized cost. The contractual cash flows received from financial assets are payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. Financial assets and liabilities classified as amortized cost are subsequently measured at amortized cost using the effective interest rate method.

Fair Value Through Profit and Loss

The Company's derivative financial instruments are measured initially at FVTPL and are subsequently measured at fair value with changes in fair value immediately recognized in profit or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company maximizes the use of observable inputs when preparing calculations of fair value, where possible.

The fair value hierarchy has the following levels:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy.

Impairment of financial assets

An impairment of financial assets is recognized using an Expected Credit Loss ("ECL") model. Trade and other receivables are due within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime ECL is measured at the date of initial recognition of the receivable. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and days past due.

The Company uses judgement in making these assumptions and selecting the inputs into the expected loss calculation based on historically realized bad debts, evidence of a debtor's present financial condition, existing market conditions and forward-looking estimates. The ECL is assessed at initial recognition and this provision is re-assessed at each reporting date. ECLs are a probability-weighted estimate of possible default events related to the financial asset and are measured as the difference between the present value of the cash flows due to the Company and the cash flows expected to be received.

b) Property and Equipment ("PP&E")

Development and Production ("D&P") Assets

All costs directly associated with the development of crude oil and natural gas reserves are capitalized on a CGU basis. These costs may include certain overhead charges including cash and share based compensation paid to personnel dedicated to capitalized projects. Overhead charges are capitalized to PP&E using a specific identification methodology.

Development costs include expenditures for CGUs where technical feasibility and commercial viability has been determined. These costs include proved property acquisitions, development drilling, completion, gathering and infrastructure, decommissioning obligations and transfers of E&E assets.

Costs incurred subsequent to the determination of technical feasibility and commercial viability are recognized as oil and natural gas interests only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in the Statements of Net Loss and Comprehensive Loss as incurred.

Gains and losses on disposal of an item of PP&E, including oil and natural gas assets, are determined by comparing the proceeds from disposal with the carrying amount of the PP&E and are recognized net within profit and loss.

Depletion of D&P assets

D&P assets are depleted using a unit-of-production method based on:

- Total estimated proved plus probable reserves calculated in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101");
- Total capitalized costs including estimated FDC of proved plus probable reserves; and
- Production volumes, before royalties, converted at the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil.

Impairment

An impairment test will be performed whenever events and circumstances indicate that the carrying value of the asset or CGU may exceed the estimated recoverable amount. The recoverable amount is the higher of the FVLCD and the VIU. In assessing the FVLCD for oil and natural gas assets, the estimated future net cash flows associated with the CGUs are used based on management's best estimate of reserves. If there is indication of impairment, the costs carried on the Statements of Financial Position in excess of the recoverable amount are charged profit or loss.

Impairment losses from prior periods are assessed at each reporting date for indications that the impairment loss no longer exists or has decreased. Impairment losses are reversed if there is a change in the estimates used to determine the recoverable amount which causes the recoverable amount to exceed the carrying amount. Reversal of impairment losses cannot exceed the carrying value of the asset prior to impairment less any depletion and depreciation expense that would have resulted had impairment not been recorded.

c) Joint operations

A portion of the Company's exploration, development and production activities is conducted jointly with others through unincorporated joint ventures. These Financial Statements reflect only the Company's proportionate interest of these jointly controlled assets and the proportionate share of the relevant revenue and related costs.

d) Decommissioning obligations

Provisions for decommissioning obligations are recognized when the Company has an obligation to dismantle and remove a facility or abandon a well and restore the site on which it is located. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements using a risk-free rate. An equivalent amount is capitalized as part of the cost of the related asset. On a periodic basis, management reviews these estimates and changes, if any, are applied prospectively. These changes are recognized as an increase or decrease to the liability, with a corresponding increase or decrease to the carrying amount of the related asset.

The capitalized amount in PP&E is depreciated on a unit-of-production basis over the life of the associated proved plus probable reserves. The long-term liability is increased each reporting period with the passage of time and the associated accretion charged is recognized profit or loss.

Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision.

e) Revenue recognition

Tenth generates revenue primarily from the sale of crude oil, condensate, natural gas, and natural gas liquids (“NGLs”). Revenue is recognized at the point in time when control of the product has been transferred to the customer and performance obligations have been satisfied. This is generally met when the customer obtains legal title to the product and physical delivery at a delivery point has taken place. Revenue is measured based on the consideration specified in the contracts the Company has with its customers. The transaction price under the contracts is based on the commodity price, adjusted for quality, location, or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms.

Tenth evaluates its arrangements with third parties and partners to determine if the Company acts as a principal or as an agent. In making this evaluation, management considers if Tenth obtains control of the product delivered, which is indicated by Tenth having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If Tenth acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net basis, only reflecting the fee, if any, realized by the Company from the transaction.

Processing fees charged to other entities for use of pipelines and facilities owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Processing fees charged to other entities under contracts with customers are recognized in revenue when the related services are provided.

f) Transportation

Costs paid by Tenth for the transportation of crude oil, condensate, natural gas and NGLs to the point of control transfer are recognized when the transportation is provided.

g) Share based compensation

The Company’s share based compensation plan allows for the granting of equity-settled awards in connection with the Company’s stock option plan to directors, officers, employees and consultants of the Company.

Equity-settled share based compensation is measured at the fair value of the equity instruments at the grant date and is estimated using a Black-Scholes model that takes into account, as of the grant date, the exercise price, expected life, current price, expected volatility and risk-free interest rates. The fair value determined at the grant date is expensed over the vesting period with a corresponding increase in contributed surplus.

A forfeiture rate is estimated on the grant date. The forfeiture rate is reviewed each reporting period and adjusted to reflect the actual number of awards expected to vest. The impact of the revision in estimate, if any, is recognized in the Statements of Net Loss and Comprehensive Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Any consideration paid to the Company on the exercise is credited to share capital.

h) Warrants

The Company may issue warrants in conjunction with financings. Company uses the residual value method to allocate the proceeds on issuance whereby the fair value of the more readily measurable instrument, being the common share, is determined first and the remainder is allocated to the warrant. To date, the Company has not assigned a fair value to warrants issued as part of private placement unit offerings.

i) Business combinations

On the acquisition of a business, the acquisition method of accounting is used whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are recognized on the basis of fair value at the date of acquisition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of closing.

Goodwill is initially measured at cost being the excess cost of the business combination over the Company’s share in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities. If the fair value attributable to the Company’s share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If an excess remains after reassessment, the Company recognizes the resulting gain in profit or loss on the acquisition date. After initial recognition, the goodwill is measured at cost less any accumulated impairment losses.

j) Amended Accounting Pronouncements

The Company has adopted these accounting standards effective January 1, 2023:

Amendments to IAS 8 – Definition of Accounting Estimates
These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

There was no impact to the financial statements as a result of the adoption of this amendment.
.
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed;

and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

There was no impact to the financial statements as a result of the adoption of this amendment.

k) Amended standards to be adopted in future years

The following accounting standards and amendments are effective for future periods.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2024.

Amendment to IAS 1 – Non-current Liabilities with Covenants
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

This amendment is effective for reporting periods beginning on or after January 1, 2024.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2023, financial instruments of the Company include cash, trade and other receivables, accounts payable and accrued liabilities, and derivative financial instruments. The fair values of these financial instruments approximate their carrying value due to the short term to maturity of those instruments. The methodology used to determine the fair value for the Company's derivative financial instruments is described further in this note. Financial liabilities are measured at amortized cost.

The Company is exposed to financial risks arising from its financial assets and liabilities that include credit and liquidity risk, in addition to the market risks associated with commodity prices, and interest and foreign exchange rates. Net income and cash flows may fluctuate due to movement in market prices or as a result of the Company's exposure to credit and liquidity risks.

Risk Management Overview

Tenth Avenue's risk management objective is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns.

a) Credit Risk

The carrying amount of cash and trade and other receivables represent the Company's maximum credit exposure. Cash is held on deposit with Canadian chartered banks. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners.

(in Canadian Dollars)

The composition of the Company's trade and other receivables is set out in the following table:

	December 31, 2023	December 31, 2022
Oil and gas marketers	**$ 227,272**	$ 239,368
Joint venture partners	**27,102**	103,552
Other	**128,216**	67,884
GST	**-**	29,436
	$ 382,590	$ 440,240

The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on the 25th day following the month of sale. As a result, the Company's production revenues are current. All other accounts receivable are generally contractually due within 30 days, however the collection period is typically between 60 to 90 days. Amounts outstanding for more than 90 days are generally considered "past due" and relate primarily to receivables from the Company's joint venture partners. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Management has reviewed past due accounts receivable balances as at December 31, 2023 and has recorded a provision reversal of $52,465 (2022 - $81,539 provision) for expected credit losses from these accounts.

b) Liquidity Risks

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company's financial liabilities as at December 31, 2023 include accounts payable and accrued liabilities.

The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations.

The Company has sufficient liquidity to meet its financial obligations for the next 12 months. The following table outlines a contractual maturity analysis for the Company's financial liabilities as at December 31, 2023:

	1 year	2-3 years	4 to 5 years	>5 years	**Total**
Accounts payable and accrued liabilities	$ 740,303	$ -	$ -	$ -	**$ 740,303**

c) Market Risks

Market risk is the risk that changes in market conditions, such as commodity prices, interest rates and foreign exchange rates, will affect the Company's cash flows, net income, or fair value of financial instruments. Tenth's risk management objective is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns.

The Company utilizes both physical delivery sales contracts and derivative financial instruments to manage market risks. All such transactions are conducted in accordance with the Company's risk management policies.

(in Canadian Dollars)

Commodity price risk

Inherent to the business of producing oil and gas, the Company's revenue and cash provided by operating activities is subject to commodity price risk. Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices are impacted by world economic events that dictate the levels of supply and demand as well as the currency exchange rate relationship between the Canadian and U.S. dollar.

As at December 31, 2023, the Company has a commodity price risk management contract in place to protect cash flows and project economics. This instrument is not used for trading or speculative purposes. The Company has not designated its financial derivative contract as effective accounting hedges, even though the Company considers all commodity contracts to be effective economic hedges. As a result, all such financial commodity contracts are initially recorded on the statements of financial position at fair value, with subsequent changes in the fair value being recognized as an unrealized gain or loss through profit or loss.

The Company had the following outstanding financial derivative commodity contracts as at December 31, 2023:

Financial WTI Crude Oil Contracts	Term	Volume (bbl/d)	CAD$/US bbl [(2)]
WTI Fixed Price Swap[(1)]	October 1, 2023 – March 31, 2024	50	$ 116.50

(1) Swaps are settled no later than the 25th of the month following the calendar month in which delivery is made.
(2) Price is adjusted by Weighted Average Differential Factor, quality and transportation

The fair value of forward commodity contracts is determined by discounting the difference between the contracted prices and published forward price curves as at the statement of financial position date, using the remaining contracted oil volumes and a risk-free interest rate (based on published government rates). The fair value of the Company's outstanding commodity contract resulted in a derivative financial instrument asset of $68,603 (December 31, 2022 – $nil).

The fair values of derivative financial instruments are designated as Level 2 in the fair value hierarchy and are highly sensitive to changes in underlying commodity prices and thereby impact profit or loss. For financial derivative commodity contracts in place at December 31, 2023, management used a weighted average commodity price of $101 CAD/US bbl. It is estimated that a $1.00 CAD per US bbl change in the forward crude oil prices used to calculate the fair value of crude oil derivatives would result in a $4,521 change in profit or loss for the year.

5. RESTRICTED CASH HELD IN TRUST

Restricted cash held in trust includes $58,535 (2022 - $55,720) held by the Alberta Energy Regulator.

6. ACQUISITIONS

During the year ended December 31, 2022, the Company completed an acquisition ("Avalon Energy") for total consideration of $2,500,000 comprised of cash consideration of $1,750,000 and $750,000 in common shares. The Company incurred transaction costs of $68,661, which are included in general and administrative expenses in the statement of net loss and comprehensive loss. In September 2022, the Company completed a second acquisition (Danzig Resources) for total consideration of $760,000 comprised of cash consideration of $400,000 and common share consideration of $360,000. The Company incurred transaction costs of $11,018 in relation to this acquisition, which are included in general and administrative expenses.

(in Canadian Dollars)

The following table summarizes the aggregate consideration paid for acquisitions during the year ended December 31, 2022 and the estimated fair value of the net identifiable assets acquired on the respective acquisition dates:

ACQUISITION SUMMARY		Danzig Resources		Avalon Energy		**Total**
Cash consideration, after adjustments	$	417,260	$	2,077,547	$	2,494,807
Common share consideration (note 10)		360,000		750,000		1,110,000
Total consideration	$	777,260	$	2,827,547	$	3,604,807
Net Assets Acquired						
Property, plant and equipment (note 7)	$	1,525,283	$	4,405,801	$	5,931,084
Prepaid expenses		31,335		53,749		85,084
Inventory		-		162,799		162,799
Decommissioning obligation (1) (note 9)		(785,232)		(1,823,897)		(2,609,129)
GST receivable		5,874		29,095		34,969
Fair value of net assets acquired	$	777,260	$	2,827,547	$	3,604,807

1. The aggregate fair value of decommissioning obligations acquired of $1,823,897 and $785,232 were estimated by discounting the inflated cost estimates using a "risk-free rate" of 1.99% and 3.09% on the respective closing dates of the acquisitions.

The statements of net loss and comprehensive loss for 2022 includes the results of operations for the Avalon Energy acquisition completed in the first quarter of the year, starting from the acquisition date. Specifically, Tenth's net income for the year ended December 31, 2022, includes $2,192,265 of revenue and $683,668 of operating income generated from the acquisition date to the end of the year. "Operating income" does not have a standardized meaning under IFRS. For purposes of this *pro-forma* disclosure, the Company has calculated operating income as revenue, after royalties, less production and transportation expenses. If all the above noted acquisitions had occurred on January 1, 2022, revenue and operating income are estimated to be approximately $2,587,091 and $866,922, respectively, for the year ended December 31, 2022 from this acquisition. Revenue received of $196,119 and costs incurred of $162,799 in relation to the inventory purchased in this acquisition and subsequently sold are included in other income (expense), respectively.

The Statements of Loss and Comprehensive Loss for the 2022 year includes $309,895 of revenue and $67,477 of operating income generated from the Danzig Resources acquisition from the acquisition date to the end of the year. If the Danzig Resources acquisition had occurred on January 1, 2022, revenue and operating income are estimated to be approximately $1,370,895 and $384,761, respectively, for the year ended December 31, 2022 from this acquisition. This *pro-forma* information is not necessarily indicative of the results of operations that would have resulted had the acquisition been in effect on the dates indicated, or the results that may be obtained in the future.

(in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

The Company's property and equipment includes development and production assets ("D&P"). D&P assets include the Company's interests in developed crude oil and natural gas properties, as well as interests in facilities and pipelines. The following tables reconcile the movements in the cost and accumulated depletion, depreciation and impairment ("DD&I") during the years:

Cost		**Total**
Balance at December 31, 2021	$	1,832,444
Additions		843,802
Acquisitions (note 6)		5,931,084
Change in decommissioning estimates (note 9)		(414,277)
Balance at December 31, 2022		**8,193,053**
Additions		**482,554**
Change in decommissioning estimates (note 9)		**144,008**
Balance at December 31, 2023	**$**	**8,819,615**

Accumulated DD&I		**Total**
Balance at December 31, 2021	$	97,744
Impairment		1,764,964
Depletion and depreciation		687,322
Balance at December 31, 2022		**2,550,030**
Impairment		**471,885**
Depletion and depreciation		**779,598**
Balance at December 31, 2023	**$**	**3,801,513**

Net carrying value		**Total PP&E**
Balance at December 31, 2022	$	5,643,023
Balance at December 31, 2023	**$**	**5,018,102**

The benchmark prices used by the independent reserve evaluators in preparing the Company's reserve report for wellhead prices varied from $2.72/Mcf to $5.29/Mcf (2022 - $4.99/Mcf to $5.92/Mcf) for gas and $81.18/bbl to $93.87/bbl (2022 - $77.69/bbl to $93.87/bbl) for oil from 2024 to 2034, respectively, and were used in determining whether impairment of the carrying value existed at December 31, 2023. Expected future development costs used in the calculation of depletion and impairment expense were $1,809,255 (2022 - $1,241,300).

At the end of each reporting period, the Company assesses whether there were indicators of impairment or reversals of prior period impairments. The recoverable amount was calculated as the fair value less costs of disposal of the assets which was determined using a discounted cash flow approach based on the December 31, 2023 reserve evaluation of proved plus probable reserves provided by an independent reserve evaluation. At December 31, 2023, the Company assessed whether there were indicators of impairment or reversals of prior period impairments. It was determined that there were indicators for impairment for the Swan Hills CGU. The discount rate used to determine the recoverable amount was 12% resulting in an impairment of $589,584 (2022 - $971,425). A change of 2%-5% in the discount rate would not have an impact on the impairment, as the asset was fully impaired. It was determined also that there was a reversal of impairment for the Murray Lake - Hays CGU. The discount rate used to determine the recoverable amount was 12% resulting in an impairment reversal of $571,957. An change in the discount rate of 2%-5% would not have an impact on the reversal. The Vulcan CGU also had indicators for impairment. The discount rate used to determine the recoverable amount was 12% resulting in an impairment of $454,258. An increase in the discount rate of 3% would result in additional impairment of $75,528.

(in Canadian Dollars)

8. LONG TERM LOAN

The Company received a non-interest bearing loan from the government for $60,000 in 2020 as assistance to deal with the effects of the Covid-19 pandemic. If $40,000 of the loan was repaid by December 31, 2023, the remaining $20,000 would be forgivable. The company repaid the $40,000 loan during the year ended December 31, 2022.

The loan provided was below market rate, and therefore the fair value of the loan was determined using the present value of the future cash flows of the loan discounted at the Company's estimated effective borrowing rate of 15%. The difference between the face value and the fair value of $9,666 was recognized in other income and was recorded as interest accretion expense over the term of the loan.

As of December 31, 2023 and 2022, no further obligation exists.

9. DECOMMISSIONING OBLIGATIONS

Decommissioning liabilities arise as a result of the Company's net ownership interests in crude oil and natural gas assets including well sites, processing facilities and infrastructure. The following table provides a reconciliation of the carrying amount of the obligation associated with the retirement of oil and gas properties:

		December 31, 2023		December 31, 2022
Balance, beginning of year	**$**	**3,259,406**	$	992,636
Obligations acquired (note 6)		**-**		2,609,129
Changes in estimates (note 7)		**144,008**		(414,277)
Accretion		**106,555**		71,918
Balance, end of year	**$**	**3,509,969**	$	3,259,406

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at December 31, 2023, based on an inflation rate of 2.0% (2022 – 2.0%) the total undiscounted amount of the estimated cash flows required to settle the obligation is $5,042,334 (2022 -$4,710,818). As at December 31, 2023, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.02% (2022 – 3.28%). The Company expects the majority of the expenditures to be incurred between 2028 and 2043.

10. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares, each without par value. The preferred shares may be issued in series, with the directors determining the terms of the preferred shares on a series-by-series basis.

(in Canadian Dollars)

b) Issued and outstanding

The following table summarizes the change in common shares issued and outstanding:

	Number of common shares		Amount
Balance at December 31, 2021	**21,129,100**	$	13,437,123
Equity offerings:			
Non-brokered private placement	**12,465,000**		3,116,250
Issued on acquisition of properties (note 6)	**4,500,000**		1,110,000
Issued for cash on exercise of warrants	**700,000**		52,500
Issued for cash on exercise of stock options	**1,050,000**		78,750
Transfer of value attributed to stock options exercised	**-**		56,495
Issue costs	**-**		(198,537)
Balance at December 31, 2022	**39,844,100**		17,652,581
Equity offerings:			
Issued for cash on exercise of warrants	**100,000**		30,000
Balance at December 31, 2023	**39,944,100**	$	17,682,581

On February 17, 2022, the Company closed a non-brokered private placement and issued to certain investors an aggregate of 12,465,000 units (each a “Unit”) at a price of $0.25 per share for aggregate gross proceeds of $3,116,250 (the “Private Placement”).

Pursuant to the Private Placement, each Unit consisted of one common share of the Company (“Common Share”) and one-half of one Common Share purchase warrant (“Warrant”). Each whole Warrant issued under the Private Placement entitles the holders to acquire up to an aggregate 6,232,500 Common Share purchase Warrants at a price of $0.30 per Common Share for a period of 12 months from the date of issuance. The Warrants include an acceleration clause to the effect that if at any time the daily volume weighted average closing price of the Common Shares on the TSXV is $0.35 or more for a period of twenty (20) consecutive days, the Company will be entitled to notify all holders of Warrants of its intention to force the exercise of the Warrants and to issue a press release to such effect, following which the holders of Warrants shall have thirty (30) days from the date of the press release to exercise the Warrants. All of the Common Shares and Warrants issued in connection with this financing are subject to a statutory four-month hold period in accordance with applicable securities laws. Net proceeds of the Private Placement were $2,917,713 after issue costs.

On April 12, 2022 the Avalon Energy acquisition closed for total proceeds of $2,827,547 which included $2,077,547 in cash and $750,000 in common shares, settled through the issuance of 3,000,000 shares at a deemed price of $0.25 per share.

On September 30, 2022 the Danzig Resources acquisition closed for total proceeds of $777,260 which included $417,260 in cash and $360,000 in common shares, settled through the issuance of 1,500,000 shares at a deemed price of $0.24 per share.

(in Canadian Dollars)

c) Warrants

The following table summarizes the change in common share purchase warrants issued and outstanding:

	Number of warrants	Average exercised price ($/share)
Balance at December 31, 2021	**700,000**	0.075
Warrants exercised	**(700,000)**	0.075
Warrants issued as part of Private Placement	**6,232,500**	0.30
Balance at December 31, 2022	**6,232,500**	0.30
Warrants expired	**(6,132,500)**	(0.30)
Warrants exercised	**(100,000)**	(0.30)
Balance at December 31, 2023	**-**	-

The weighted average trading share price for warrants exercised during the year was $0.22 (2022 - $0.27) per share.

d) Stock options

The Company has a stock option plan under which options to purchase common shares may be granted to officers, directors, employees and consultants. The Board of Directors has approved a policy of reserving up to 10% of the outstanding common shares for issuance to eligible participants of the stock option and share award plans. All stock options have a maximum term of five years and the vesting period for each grant is determined at the discretion of the Board of Directors. The following table summarizes the change in stock options outstanding:

	Number of options	Average exercised price ($/share)
Balance at December 31, 2021	**1,050,000**	0.075
Exercised	**(1,050,000)**	0.075
Granted (1)	**2,940,000**	0.20
Balance at December 31, 2022	**2,940,000**	0.20
Granted(1)	**1,367,500**	0.20
Forfeited	**(1,152,500)**	(0.20)
Balance at December 31, 2023	**3,155,000**	0.20
Exercisable at December 31, 2023	**1,660,005**	0.20

(1) One third of the stock options granted vest upon issuance, one third vest on the first anniversary of the grant date and the remaining third vest on the second anniversary of the grant date.

On May 15, 2023 the Company approved a stock option grant of up to 1,367,500 common shares which were granted to certain directors, officers, and consultants of the Company.

(in Canadian Dollars)

The fair value of stock options granted during the period ended December 31, 2023 and 2022 is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions as follows:

	December 31, 2023	December 31, 2022
Share price	**$0.20**	$0.23
Exercise price	**$0.20**	$0.20
Risk free interest rate	**4.06%**	2.58%
Expected volatility	**101 - 128%**	135% - 159%
Expected dividend yield	**0%**	0%
Expected life (years)	**3**	3 – 5
Weighted average fair value	**$0.10**	$0.23

(1) Expected volatility is estimated by considering historic average share price volatility over the same number of years as the option granted/

The total stock based compensation calculated for the year ended December 31, 2023 was $160,218 (2022 $375,339). The weighted average remaining contractual life of the Company's stock options is 2.97 years.

During the year ended December 31, 2023, the volume weighted average trading price of the Company's common shares on the TSXV was $0.175 (2022 - $ 0.24).

e) Per share amounts

Basic income per share has been calculated using the weighted average number of common shares outstanding during the period, whereas the calculation of diluted earnings per share has been calculated using the weighted average number of common after adjusting for all dilutive potential shares. For the year ending December 31, 2023 basic common shares were 39,930,949 (2022 – 36,057,305) and diluted basic common shares were 39,930,949 (2022 – 36,547,305). No options were considered dilutive, and no warrants were outstanding as at December 31, 2023.

11. OIL AND GAS SALES

The following table summarizes the composition of Tenth's oil and gas sales revenue by product type:

	December 31, 2023	December 31, 2022
Oil and gas sales		
Crude oil	**$ 3,496,963**	$ 3,662,247
Natural gas liquids	**46,621**	141,018
Natural gas	**208,417**	96,124
Total	**$ 3,752,001**	$ 3,899,389

(in Canadian Dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION

		December 31, 2023		December 31, 2022
Accounts receivable	$	110,115	$	(396,322)
Prepaid expenses and deposits		54,877		(139,750)
Inventory		-		162,799
Accounts payable and accrued liabilities		(181,040)		846,128
Change in non-cash working capital	$	(16,048)	$	472,855
Net change related to operating activities		428,477		28,330
Net change related to investing activities		(444,525)		444,525
Total change in non-cash working capital	$	(16,048)	$	472,855
Non-cash transactions:				
Revisions to decommissioning obligations	$	144,008	$	414,279
Shares issued for acquisitions	$	-	$	1,110,000
Decommissioning obligations assumed on acquisitions	$	-	$	2,609,129
Common shares issued for finders fees	$	-	$	14,000
Value transferred on exercise of stock options	$	-	$	56,495

13. CAPITAL MANAGEMENT

Tenth's capital management objectives are to maintain a flexible capital structure in order to respond to changes in economic conditions, execute on strategic opportunities throughout the business cycle, meet its financial obligations, and fund current and future settlements of decommissioning obligations. The Company seeks to create long-term shareholder value by prioritizing profitability over production growth, as well as investing in projects that are expected to strengthen its overall asset portfolio and suite of internally generated prospects. As at December 31, 2023, the Company's capital structure is comprised of working capital, long-term debt and shareholders' equity. The significant components of the Company's capital structure are summarized below:

		December 31, 2023		December 31, 2022
Adjusted working capital surplus (1)(2)	$	99,971	$	447,949
Net Surplus	$	99,971	$	447,949
Total shareholders' equity	$	1,666,639	$	2,887,286

1. "Adjusted working capital" is calculated as current assets less current liabilities. As at December 31, 2023 and December 31, 2022, Adjusted Working Capital includes cash, trade and other receivables, prepaid expenses and deposits, derivative financial instruments and accounts payable and accrued liabilities.
2. Adjusted working capital and Net Debt are not standardized measures under IFRS and therefore may not be comparable with the calculation of similar measures by other entities. Tenth uses adjusted working capital and Net Debt as capital management measures of the Company's financial position and liquidity.

The capital-intensive nature of Tenth's operations may create a working capital deficiency during periods with high levels of capital investment. During the year ended December 31, 2023, Tenth's exploration and development capital expenditures were $482,554 (2022 - $843,802).

As at December 31, 2023, Tenth had net working capital surplus of $99,971 (2022- $447,949). The Company's existing capital resources are sufficient to satisfy its current financial obligations at the reporting period date

As at December 31, 2023, the Company is not subject to any externally imposed capital requirements.

(in Canadian Dollars)

14. RELATED PARTY DISCLOSURES AND KEY MANAGEMENT COMPENSATION

During the year ended December 31, 2023 the Company has incurred consulting fees of $184,394 (2022 - $132,500) to officers of the Company, of which $Nil (2022 - $6,565) was outstanding and included in accounts payable and accrued liabilities. During the same period, the Company also incurred $44,046 (2022 - $127,468) in legal fees and $Nil (2022 - $28,490) in share capital costs to a firm where a Company director is a partner, of which $19,316 (2022 - $15,548) was outstanding and included in accounts payable and accrued liabilities.

Key management compensation for the year ended December 31, 2023 consists of $184,394 (2022 - $132,500) in consulting fees and $190,370 (2022 - $375,339) in stock based compensation.

15. INCOME TAXES

The provision for income tax differ from the results that would be obtained by applying the combined Canadian and Provincial tax rates of approximately 23% (2020 – 23%). The reasons for these differences are as followed:

		2023		2022
Loss before income taxes	$	**(1,410,865)**	$	(2,412,275)
Statutory tax rate		**23%**		23%
Expected income tax recovery		**(325,000)**		(555,000)
Non-deductible items		**23,000**		88,000
Other		**-**		(63,000)
Change in tax benefits not recognized		**302,000**		530,000
Income tax provision	$	**-**	$	-

The following deferred tax assets have not been recognized in the financial statements because it is not probable that future taxable profits will be available against which they can be utilized:

		2023		2022
Property and equipment tax value in excess of book value	$	**295,000**	$	40,000
Asset retirement obligation		**808,000**		750,000
Non-capital losses carried forward		**3,796,000**		3,797,000
Share issue costs		**27,000**		37,000
Less: tax benefits not recognized		**(4,926,000)**		(4,624,000)
	$	**-**	$	-

The Company has non-capital loss carry forwards of approximately $16,503,000 (2022 - $16,509,000) that will expire between 2026 and 2043. The Company has resource tax pools of $6,301,000 (2022 - $5,818,000) that have no expiry dates.

(in Canadian Dollars)

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, the Company entered into two additional physical oil agreements summarized below:

Financial WTI Crude Oil Contracts	Term	Volume (bbl/d)	CAD$/US bbl (2)
WTI Fixed Price Swap(1)	April 1, 2024 – December 31, 2024	50	$ 104.00
WTI Fixed Price Swap(1)	May 1, 2024 – December 31, 2024	25	$ 108.25

(1) Swaps are settled no later than the 25th of the month following the calendar month in which delivery is made.
(2) Price is adjusted by Weighted Average Differential Factor, quality and transportation