



**ANNUAL FINANCIAL STATEMENTS  
AS AT AND FOR THE YEARS ENDED  
DECEMBER 31, 2024 AND 2023**

**TENTH AVENUE PETROLEUM CORP.  
TSXV:TPC**

**[www.tenthavenuepetroleum.com](http://www.tenthavenuepetroleum.com)**

## MANAGEMENT'S REPORT

Calgary, Alberta

April 29, 2025

### 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 of a majority 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.

<i>[signed] "Cameron MacDonald"</i>	<i>[signed] "Sonja Kuehnle"</i>
President and Chief Executive Officer	Chief Financial Officer

## 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, 2024 and December 31, 2023 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, 2024 and December 31, 2023, 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, 2024. 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 properties within the cash generating units ("CGUs") may be impaired or that historical impairment may be reversed. If any such indication exists, then the asset's or CGUs recoverable amount is estimated. For the year ended December 31, 2024, the Company determined that the estimated recoverable amounts of the Swan Hills and Vulcan CGUs was less than the carrying values resulting in an impairment charge of \$288,697 being recorded.

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 engages independent third party reserve evaluators to estimate the cash flows associated with the proved and probable oil and gas reserves as at December 31, 2024.

#### **Why the matter was determined to be a key audit matter**

We identified the assessment of the recoverable amount of the CGUs as a key audit matter. Significant auditor judgement 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 matter was addressed in our 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, 2024:

- 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 2024 actual production, operating costs, royalty costs and development costs of the Company 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;
- We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development cost assumptions by comparing to the 2024 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; and
- We benchmarked the discount rates used against comparable industry data and peer groups and assessed the appropriateness of these rates.

#### **Evaluation of the acquisition date fair value of petroleum and natural gas properties acquired through a business combination**

We draw attention to Notes 2, 3 and 6 to the financial statements. The Company acquired petroleum and natural gas properties (included in property and equipment) through a business combination on December 31, 2024 (the "acquisition date"). The estimated fair value on the acquisition date attributed to the petroleum and natural gas properties was \$1,553,250. The estimated acquisition date fair value of property and equipment involves significant estimates, including the cash flows associated with the proved and probable oil and gas reserves and the discount rates.

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

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

**Why the matter was determined to be a key audit matter**

We identified the evaluation of the acquisition date fair value of petroleum and natural gas properties through a business combination as a key audit matter. Significant auditor judgment was required in evaluating the results of our audit procedures regarding the estimate of proved and probable oil and gas reserves and the related cash flows and discount rates used to estimate the acquisition date fair value of the acquired property and equipment.

**How the matter was addressed in our audit**

The following are the primary procedures we performed to address this key audit matter:

With respect to the estimate of proved and probable oil and gas reserves and related cash flows as at the acquisition date:

- We evaluated the competence, capabilities and objectivity of the independent third-party reserve evaluator;
- We compared forecasted oil and gas commodity prices to those published by other independent third-party reserve evaluators;
- We evaluated the appropriateness of forecasted production and forecasted operating costs, royalty costs and future development costs assumptions by comparing to the corresponding amounts in the proved and probable oil and gas reserves and the related cash flows estimated by the independent third party reserve evaluators as at December 31, 2024; and
- We benchmarked the discount rates used against comparable industry data and peer groups and assessed the appropriateness of these rates.

**Provision for decommissioning obligations**

We draw attention to Notes 2, 3 and 9 to the financial statements. The Company makes 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 the provision in the financial statements requires a number of significant assumptions, including the selection of an appropriate discount rate and estimation of the costs and timing of decommissioning oil and gas wells and facilities.

**Why the matter was determined to be 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 matter was addressed in our audit**

In responding to the key audit matter, we performed the following audit procedures:

- Identified the key assumptions and inputs used within management's calculation of decommissioning obligations and assessed 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

- Benchmarked the discount rate used in the calculation of decommissioning obligations against comparable market data and assessed the appropriateness of the use 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 29, 2025**

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

	Note	December 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 41,474	\$ 219,124
Trade and other receivables	4	406,122	382,590
Prepaid expenses and deposits		243,435	169,957
Derivative financial instruments	4	-	68,603
		691,031	840,274
<b>Long term</b>			
Restricted cash held in trust	5	61,482	58,535
Property and equipment	7	6,613,130	5,018,102
		\$ 7,365,643	\$ 5,916,911
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	4	\$ 1,351,638	\$ 740,303
Promissory note	8	197,799	-
		1,549,437	740,303
<b>Long term</b>			
Decommissioning obligations	9	5,184,535	3,509,969
<b>Total liabilities</b>		6,733,972	4,250,272
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	18,101,297	17,682,581
Contributed surplus		10,749,281	10,671,839
Deficit		(28,218,907)	(26,687,781)
		631,671	1,666,639
		\$ 7,365,643	\$ 5,916,911

Subsequent events (note 16)

*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, 2024	December 31, 2023
<b>REVENUE</b>			
Oil & natural gas sales	11	\$ 2,690,941	\$ 3,752,001
Royalties		(290,419)	(512,199)
Gas gathering, processing and other income		119,079	101,360
		2,519,601	3,341,162
Realized gain on derivatives	4	65,729	44,938
Unrealized (loss) gain on derivatives	4	(68,603)	68,603
		2,516,727	3,454,703
<b>EXPENSES</b>			
Production and transportation		2,299,384	2,734,414
General and administrative	14	682,944	665,363
Bad debts (recovery)	4	71,608	(52,465)
Accretion	9	112,483	106,555
Stock based compensation	10,14	77,442	160,218
Impairment of property and equipment	7	288,697	471,885
Depletion and depreciation	7	515,295	779,598
		4,047,853	4,865,568
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>\$ (1,531,126)</b>	<b>\$ (1,410,865)</b>
<b>LOSS PER SHARE</b>			
<b>Basic</b>	10	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>
<b>Diluted</b>	10	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>

*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, 2024	December 31, 2023
<b>SHAREHOLDERS' EQUITY</b>			
<u>Share capital</u>			
Balance, beginning of year		\$ 17,682,581	\$ 17,652,581
Warrants exercised	10	-	30,000
Private placement	10	417,000	-
Issued on acquisition	6	30,000	-
Share issuance costs	10	(28,284)	-
Balance, end of year		\$ 18,101,297	\$ 17,682,581
<u>Contributed surplus</u>			
Balance, beginning of year		\$ 10,671,839	\$ 10,511,621
Stock based compensation	10	77,442	160,218
Balance, end of year		\$ 10,749,281	\$ 10,671,839
<u>Deficit</u>			
Balance, beginning of year		\$ (26,687,781)	\$ (25,276,916)
Net loss and comprehensive loss		(1,531,126)	(1,410,865)
Balance, end of year		\$ (28,218,907)	\$ (26,687,781)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>\$ 631,671</b>	<b>\$ 1,666,639</b>

*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, 2024	December 31, 2023
<b>OPERATING ACTIVITIES</b>			
Net loss		\$ (1,531,126)	\$ (1,410,865)
Items not affecting cash:			
Depletion and depreciation	7	515,295	779,598
Stock based compensation	10	77,442	160,218
Bad debts	4	71,608	(52,465)
Accretion	9	112,483	106,555
Unrealized loss (gain) on derivatives	4	68,603	(68,603)
Impairment of property and equipment	7	288,697	471,885
Changes in restricted cash		(2,947)	(2,815)
Changes in non-cash working capital	12	524,730	428,477
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		124,785	411,985
<b>FINANCING ACTIVITIES</b>			
Proceeds from exercise of warrants	10	-	30,000
Proceeds from private placement, net of share issue costs	10	388,716	-
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		388,716	30,000
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	7	(691,151)	(482,554)
Changes in non-cash working capital	12	-	(444,525)
<b>CASH USED IN INVESTING ACTIVITIES</b>		(691,151)	(927,079)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		(177,650)	(485,094)
<b>CASH, beginning of year</b>		219,124	704,218
<b>CASH, end of year</b>		\$ 41,474	\$ 219,124
Interest paid		\$ -	\$ -
Taxes paid		\$ -	\$ -

Supplemental cash flow information (note 12)

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

**TENTH AVENUE PETROLEUM CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**(in Canadian Dollars)**

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**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 15<sup>th</sup> 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, 2024, the Company has a working capital deficit of \$858,406 (2023 - \$99,971 surplus), incurred a loss of \$1,531,126 (2023 - \$1,410,865) and had cash provided from operations of \$124,785 (2023 - \$411,985) 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 29, 2025.

**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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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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, 2024 and December 31, 2023 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, 2024, Tenth has four CGUs, namely: Murray Lake-Hays, Swan Hills, Patricia, 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

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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, 2024 and 2023, 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. *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**

#### **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, restricted cash held in trust, accounts payable and accrued liabilities, and promissory note 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.

**TENTH AVENUE PETROLEUM CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**(in Canadian Dollars)**

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*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.

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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 profit or 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 liabilities and the proportionate share of the relevant revenues and expenditures.

**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.



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Actual costs incurred upon settlement of the decommissioning obligations 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 profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Any consideration paid to the Company on exercise is credited to share capital.

**h) Warrants**

The Company may issue warrants in conjunction with financings. The 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.

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**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, 2024:

*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.

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

*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.

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

**k) Accounting standards to be adopted in future years**

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

*IFRS 18 - Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which will replace IAS 1. The new standard will become effective January 1, 2027 with earlier adoption permitted, and it must be adopted on a retrospective basis. This standard introduces new requirements for entities applying IFRS Accounting Standards to present and disclose financial information. IFRS 18 introduces new totals, subtotals, and categories for income and expenses in the statement of income, as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. The Company is currently assessing the impacts of the new standard on its financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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 (loss) 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.

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

<b>As at</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Oil and gas marketers	\$ 189,130	\$ 227,272
Joint venture partners	50,636	27,102
Other	162,058	128,216
GST	4,298	-
	<b>\$ 406,122</b>	<b>\$ 382,590</b>

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, 2024 and has recorded an allowance of \$100,682 (2023 - \$29,074) for expected credit losses.

**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, 2024 include accounts payable and accrued liabilities as well as a promissory note (note 8).

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. As at December 31, 2024, the Company had a working capital deficit of \$858,406. The Company actively monitors its liquidity position and forecasts future cash flows to ensure that it can meet its financial obligations as they come due.

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In response to the current deficit, the Company has developed a plan that includes:

- Utilizing existing cash reserves and operational cash flows to fund ongoing obligations;
- Actively managing accounts payable and capital expenditures to align with projected cash inflows;
- Pursuing additional equity and debt financing as required to supplement working capital, including strategic capital raises similar to the non-brokered private placement completed in November 2024;
- Evaluating opportunities to divest non-core assets to enhance liquidity if necessary.

Management believes that these actions, along with anticipated improvements in operational performance and commodity prices, will provide the necessary liquidity to meet obligations over the next twelve months. Nevertheless, there is a material uncertainty that may cast doubt on the Company's ability to continue as a going concern (Note 1).

The following table outlines a contractual maturity analysis for the Company's financial liabilities as at December 31, 2024:

	1 year	2-3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 1,351,638	\$ -	\$ -	\$ -	\$ 1,351,638
Promissory note	197,799	-	-	-	197,799
	<b>\$ 1,549,437</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,549,437</b>

**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 (loss), or the 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.

*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, 2024, the Company had no commodity price risk management contracts in place, however utilized a number of commodity price risk management contracts throughout the year to protect cash flows and project economics. These instruments were 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 at fair value, with subsequent changes in the fair value being recognized as realized or unrealized gain or loss through profit or loss.

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

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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 \$nil (2023 - \$68,603).

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.

**5. RESTRICTED CASH HELD IN TRUST**

Restricted cash held in trust is comprised of \$61,482 (2023 - \$58,535) held by the Alberta Energy Regulator.

**6. ACQUISITION**

During the year ended December 31, 2024, the Company completed an acquisition of certain oil and gas properties (the "Patricia acquisition") for total consideration of \$227,799 comprised of a promissory note of \$197,799 and \$30,000 in common shares. The Company incurred transaction costs of \$9,574, which are included in general and administrative expenses in the statement of net loss and comprehensive loss.

The following table summarizes the aggregate consideration paid for the acquisition during the year ended December 31, 2024 and the estimated fair value of the net identifiable assets acquired on the acquisition date:

<b>ACQUISITION SUMMARY</b>	
Promissory note consideration (note 8)	\$ 197,799
Common share consideration (note 10)	30,000
<b>Total consideration</b>	<b>\$ 227,799</b>
<b>Net Assets Acquired</b>	
Property, plant and equipment (note 7)	\$ 1,553,250
Prepaid expenses	81,512
Decommissioning obligation <sup>(1)</sup> (note 9)	(1,407,464)
GST receivable	501
<b>Fair value of net assets acquired</b>	<b>\$ 227,799</b>

<sup>1.</sup> The aggregate fair value of decommissioning obligations acquired of \$1,407,464 were estimated by discounting the inflated cost estimates using a "risk-free rate" of 3.33% on the closing date of the acquisition.

As the Patricia acquisition closed on December 31, 2024, the statement of net and comprehensive loss for the year ended December 31, 2024 does not include any results of operations for the acquired properties. As the necessary relevant and reliable information is not practically available, management cannot accurately quantify and disclose the revenue and profit (loss) for the combined results as though the acquisition date for the business combination had been as of the beginning of the 2024 annual reporting period nor would such information be indicative of the results of operations in the future. The information is not practically available due to financial reporting limitations of the acquiree.

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**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:

<b>Cost</b>	<b>Total</b>
Balance at December 31, 2022	\$ 8,193,053
Additions	482,554
Change in decommissioning estimates (note 9)	144,008
<b>Balance at December 31, 2023</b>	<b>8,819,615</b>
Additions	691,151
Acquisitions (note 6)	1,553,250
Change in decommissioning estimates (note 9)	154,619
<b>Balance at December 31, 2024</b>	<b>\$ 11,218,635</b>

<b>Accumulated DD&amp;I</b>	<b>Total</b>
Balance at December 31, 2022	\$ 2,550,030
Impairment	471,885
Depletion and depreciation	779,598
<b>Balance at December 31, 2023</b>	<b>3,801,513</b>
Impairment	288,697
Depletion and depreciation	515,295
<b>Balance at December 31, 2024</b>	<b>\$ 4,605,505</b>

<b>Net carrying value</b>	<b>Total PP&amp;E</b>
Balance at December 31, 2023	\$ 5,018,102
<b>Balance at December 31, 2024</b>	<b>\$ 6,613,130</b>

The benchmark prices used by the independent reserve evaluators in preparing the Company's reserve report for wellhead prices varied from \$2.50/Mcf to \$4.14/Mcf (2023 - \$2.72/Mcf to \$5.29/Mcf) for gas and \$82.00/bbl to \$111.42/bbl (2023 - \$88.18/bbl to \$93.87/bbl) for oil from 2025 to 2034, respectively, and were used in determining whether impairment of the carrying value existed at December 31, 2024. Expected future development costs used in the calculation of depletion and impairment expense were \$1,615,250 (2023 - \$1,809,255).

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 is calculated as the fair value less costs of disposal of the assets which was determined using a discounted cash flow approach based on the reserve evaluation of proved plus probable reserves provided by an independent reserve evaluation. At December 31, 2024, the Company assessed whether there were indicators of impairment or reversals of prior period impairments using a discount rate of 12% to determine the recoverable amounts. It was determined that there were indicators for impairment for the Swan Hills and Vulcan CGUs, which resulted in impairment charges of \$239,293 (2023 - \$589,584) and \$49,404 (2023 - \$454,258), respectively. There was no impairment identified in the Murray Lake (2023 - \$571,957 impairment reversal) and Patricia CGUs (2023 - \$Nil). An increase in the discount rate by 3% would result in additional impairment expense of approximately \$240,000.

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**8. PROMISSORY NOTE**

As part of the Patricia acquisition (note 6), the Company issued a non-interest bearing promissory note for \$197,799 on December 31, 2024. The Company will repay the promissory note in twelve monthly installments of \$16,483 to be completed on or before the maturity date of December 31, 2025. The principal amount will be adjusted based on the final statement of adjustments which will be issued by the lender within 120 days of the execution of the promissory note. The promissory note is secured by a security agreement which provides a security interest in the property and assets purchased in the acquisition.

**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 obligations associated with the retirement of oil and gas properties:

	<b>December 31, 2024</b>	December 31, 2023
Balance, beginning of year	\$ 3,509,969	\$ 3,259,406
Obligations acquired (note 6)	1,407,464	-
Changes in estimates (note 7)	154,619	144,008
Accretion	112,483	106,555
Balance, end of year	<b>\$ 5,184,535</b>	\$ 3,509,969

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at December 31, 2024, based on an inflation rate of 2.0% (2023 – 2.0%) the total undiscounted amount of the estimated cash flows required to settle the obligation is \$8,730,348 (2023 - \$5,042,334). As at December 31, 2024, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.33% (2023 – 3.02%). The Company expects the majority of the expenditures to be incurred between 2026 and 2062.

**10. SHARE CAPITAL**

**a) Authorized**

The Company is authorized to issue an unlimited number of common shares and 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.

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**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, 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
Equity offerings:		
Non-brokered private placement	4,170,000	417,000
Issued on acquisition (note 6)	500,000	30,000
Issue costs		(28,284)
<b>Balance at December 31, 2024</b>	<b>44,614,100</b>	<b>\$ 18,101,297</b>

On November 1, 2024, the Company closed a non-brokered private placement and issued to certain investors an aggregate of 4,170,000 units (each a "Unit") at a price of \$0.10 per unit for aggregate gross proceeds of \$417,000 (the "Private Placement").

Pursuant to the Private Placement, each Unit consisted of one common share ("Common Share") and one-half of one Common Share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one Common Share at a price of \$0.15 for a period of 12 months from the date of issuance. The Warrants include an acceleration provision to the effect that if at any time the daily volume weighted average closing price of the Common Shares on the TSXV is \$0.20 or more for a period of ten 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 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 \$388,716 after issue costs.

On December 31, 2024, the Patricia acquisition closed for total consideration of \$227,799 which included a \$197,799 promissory note and \$30,000 in common shares, settled through the issuance of 500,000 common shares at a price of \$0.06 per share.

**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, 2022	6,232,500	0.30
Warrants expired	(6,132,500)	(0.30)
Warrants exercised	(100,000)	(0.30)
Balance at December 31, 2023	-	-
Warrants issued	2,085,000	0.15
<b>Balance at December 31, 2024</b>	<b>2,085,000</b>	<b>0.15</b>

The weighted average trading share price for warrants exercised during the year was \$nil (2023 - \$0.22) per share.



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**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:

	<b>Number of options</b>	Average exercised price (\$/share)
Balance at December 31, 2022	<b>2,940,000</b>	0.20
Granted <sup>(1)</sup>	<b>1,367,500</b>	0.20
Forfeited	<b>(1,152,500)</b>	(0.20)
Balance at December 31, 2023	<b>3,155,000</b>	0.20
Forfeited	<b>(97,500)</b>	(0.20)
<b>Balance at December 31, 2024</b>	<b>3,057,500</b>	0.20
<b>Exercisable at December 31, 2024</b>	<b>2,646,670</b>	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.

There were no stock options granted in the year ending December 31, 2024.

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

	December 31, 2023
Share price	\$0.20
Exercise price	\$0.20
Risk free interest rate	4.06%
Expected volatility	101% - 120%
Expected dividend yield	0%
Expected life (years)	3
<b>Weighted average fair value</b>	<b>\$0.10</b>

(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, 2024 was \$77,442 (2023 \$160,218). The weighted average remaining contractual life of the Company's stock options is 1.98 years.

During the year ended December 31, 2024, the volume weighted average trading price of the Company's common shares on the TSXV was \$0.09 (2023 - \$ 0.18).

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**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 shares after adjusting for all dilutive potential shares. For the year ending December 31, 2024 basic common shares were 40,640,466 (2023 – 39,930,949) and diluted basic common shares were 40,640,466 (2023 – 39,930,949). No options or warrants were dilutive as at December 31, 2024.

**11. OIL AND GAS SALES**

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

<b>For the years ended</b>	<b>December 31, 2024</b>	December 31, 2023
Oil and gas sales		
Crude oil	\$ 2,634,857	\$ 3,496,963
Natural gas liquids	1,530	46,621
Natural gas	54,554	208,417
<b>Total</b>	<b>\$ 2,690,941</b>	<b>\$ 3,752,001</b>

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

<b>For the years ended</b>	<b>December 31, 2024</b>	December 31, 2023
Trade and other receivables	\$ (94,639)	\$ 110,115
Prepaid expenses and deposits	8,034	54,877
Accounts payable and accrued liabilities	611,335	(181,040)
Change in non-cash working capital	524,730	(16,048)
Net change related to operating activities	524,730	428,477
Net change related to investing activities	-	(444,525)
<b>Total change in non-cash working capital</b>	<b>\$ 524,730</b>	<b>\$ (16,048)</b>
Non-cash transactions:		
Revisions to decommissioning obligations	\$ 154,619	\$ 144,008
Common shares issued on acquisition	\$ 30,000	\$ -
Promissory note issued on acquisition	\$ 197,799	\$ -
Decommissioning obligations assumed on acquisition	\$ 1,407,464	\$ -
Property and equipment acquired on acquisition	\$ 1,553,250	\$ -
Prepaid expenses acquired on acquisition	\$ 81,512	\$ -
Other receivables acquired on acquisition	\$ 501	\$ -

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**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, 2024, 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:

As at	December 31, 2024	December 31, 2023
Adjusted working capital <sup>(1)(2)</sup>	\$ (858,406)	\$ 99,971
Total shareholders' equity	\$ 631,671	\$ 1,666,639

1. "Adjusted working capital" is calculated as current assets less current liabilities. As at December 31, 2024 and December 31, 2023, Adjusted Working Capital includes cash, trade and other receivables, prepaid expenses and deposits, derivative financial instruments, accounts payable and accrued liabilities and promissory note.
2. Adjusted working capital is not a standardized measure under IFRS and; therefore, may not be comparable with the calculation of similar measures by other entities. Tenth uses adjusted working capital 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, 2024, Tenth's exploration and development capital expenditures were \$691,151 (2023 - \$482,554) as well as an acquisition of \$227,799 (2023 - \$nil), the latter of which was settled via common share and promissory note consideration.

As at December 31, 2024, Tenth had a net working capital deficit of \$858,406 (2023 - \$99,971 surplus). The Company continues to operate with a disciplined approach to capital allocation, prioritizing projects with the highest expected return on capital.

Management believes that the Company's current capital structure, supplemented by flexibility in its operating and capital spending programs, provides a sufficient platform to manage near-term obligations. Management continues to explore opportunities to access equity or debt capital markets and is also evaluating strategic transactions to strengthen the statement of financial position.

As at December 31, 2024, the Company is not subject to any externally imposed capital requirements.

**14. RELATED PARTY DISCLOSURES AND KEY MANAGEMENT COMPENSATION**

During the year ended December 31, 2024 the Company has incurred consulting fees of \$220,000 (2023 - \$184,394) to officers of the Company, of which \$Nil (2023 - \$Nil) was outstanding and included in accounts payable and accrued liabilities. During the same period, the Company also incurred \$29,949 (2023 - \$44,046) in legal fees and \$12,173 (2023 - \$Nil) in share issuance costs to a firm where a Company director is a partner, of which \$19,980 (2023 - \$19,316) was outstanding and included in accounts payable and accrued liabilities.

Key management compensation for the year ended December 31, 2024 consists of \$220,000 (2023 - \$184,394) in consulting fees and \$71,407 (2023 - \$190,370) in stock based compensation.

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**15. INCOME TAXES**

The provision for income tax differs from the results that would be obtained by applying the combined Canadian Federal and Provincial tax rates of approximately 23% (2023 – 23%) and is reconciled as follows:

<b>For the years ended</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Loss before income taxes	\$ (1,531,126)	\$ (1,410,865)
Statutory tax rate	23%	23%
Expected income tax recovery	(352,000)	(325,000)
Non-deductible items	34,000	23,000
Other	(7,000)	-
Change in deferred tax benefits not recognized	325,000	302,000
Income tax provision	\$ -	\$ -

Deferred income taxes are based on differences between accounting carrying values and the related tax base of the Company's assets and (liabilities). The income tax rate used to calculate deferred income taxes is 23% (2023 – 23%).

<b>As at</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Deferred tax liabilities:		
Property and equipment	\$ (130,000)	\$ -
Deferred tax assets:		
Non-capital losses	130,000	-
	\$ -	\$ -

The Company has non-capital loss carry forwards of approximately \$18,100,000 (2023 - \$16,503,000) that will expire between 2026 and 2044. The Company has resource tax pools of \$6,039,000 (2023 - \$6,301,000) that have no expiry dates.

**16. SUBSEQUENT EVENTS**

- i) On January 20, 2025 the Company approved the granting of up to 1,345,000 stock options to certain directors, officers, and consultants of the Company. Each of the stock options is exercisable into one common share for a 3-year term expiring on January 20, 2028, at a price of \$0.10 per common share. The options are subject to vesting provisions, with one-third vesting on the date of grant, one-third vesting on the first anniversary and the remaining one-third on the second anniversary of the date of grant.
- ii) The imposition of tariffs on certain imported goods and commodities by the United States and the corresponding retaliatory measures by the Government of Canada has resulted in changes in political and market conditions, the extent of which cannot be reasonably determined as the effective dates, rates, scope and nature of the tariffs are continually evolving. Although the Company does not have any direct trade with customers or suppliers in the United States, the broader impact of the tariffs on the industry and economy in which the Company operates may have a financial effect on the Company's future operations. The impact on the Company remains uncertain and cannot be estimated; however, management continues to monitor the evolving situation.