Q3 2023
INTERIM FINANCIAL STATEMENTS

TENTH AVENUE PETROLEUM CORP.
TSXV:TPC

www.tenthavenuepetroleum.com

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TENTH AVENUE PETROLEUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
[UNAUDITED]

	Note	September 30, 2023	December 31, 2022
ASSETS			
Current			
Cash and cash equivalents		$ 295,029	$ 704,218
Trade and other receivables		487,462	440,240
Prepaid expenses and deposits		272,956	224,834
Derivative financial instruments	4	24,469	-
		1,079,916	1,369,292
Long term			
Restricted cash held in trust		-	55,720
Property and equipment	6	5,327,352	5,643,023
		$ 6,407,268	**$ 7,068,035**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 997,406	$ 921,343
		997,406	921,343
Long term			
Decommissioning obligations	7	3,163,255	3,259,406
Total liabilities		4,160,661	4,180,749
SHAREHOLDERS' EQUITY			
Share capital	8	17,682,581	17,652,581
Contributed surplus		10,761,888	10,511,621
Deficit		(26,197,862)	(25,276,916)
		2,246,607	2,887,286
		$ 6,407,268	**$ 7,068,035**

The accompanying notes are integral part of these Financial Statements.

Approved on behalf of the Board of Directors:

[signed] "Cameron MacDonald"
Cameron MacDonald, Director

[signed] "Ron Hozjan"
Ron Hozjan, Director

TENTH AVENUE PETROLEUM CORP.
CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED
[UNAUDITED]

	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
REVENUE					
Oil & natural gas sales	9	$ 1,030,617	$ 956,331	$ 2,947,400	$ 3,208,718
Royalties		$ (118,164)	(180,763)	(390,821)	(594,874)
Gas gathering, processing and other income		$ 28,065	18,255	76,535	36,727
		$ 940,518	793,823	2,633,114	2,650,571
Realized gain (loss) on derivatives	4	$ -	-	-	-
Unrealized gain (loss) on derivatives	4	$ 24,469	-	24,469	-
		964,987	793,823	2,657,583	2,650,571
EXPENSES					
Production and transportation		$ 688,865	661,952	2,128,757	1,554,089
General and administrative		$ 190,922	100,578	513,058	416,046
Bad debts		$ -	47,616	-	47,616
Accretion	7	$ 32,447	17,945	82,477	47,794
Stock based compensation	8	$ 40,387	80,942	250,267	328,557
Depletion and depreciation	6	$ 198,606	141,272	603,970	405,302
		1,151,227	1,050,305	3,578,529	2,799,404
OPERATING INCOME (LOSS) FROM OPERATIONS		(186,240)	(256,482)	(920,946)	(148,833)
Other expense items					
Interest expense		$ -	(2,284)	-	(4,559)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		$ (186,240)	$ (258,766)	$ (920,946)	$ (153,392)
INCOME (LOSS) PER SHARE					
Basic	8	$ (0.00)	$ 0.01	$ (0.02)	$ (0.01)
Diluted	8	$ (0.00)	$ 0.01	$ (0.02)	$ (0.01)

The accompanying notes are integral part of these Financial Statements.

TENTH AVENUE PETROLEUM CORP.
STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT) FOR THE NINE MONTHS ENDED
[UNAUDITED]

	Note		September 30, 2023	September 30, 2022
SHAREHOLDERS' EQUITY (DEFICIT)				
Share capital	8			
Balance, beginning of period		$	17,652,581	$ 13,437,123
Warrants exercised			30,000	52,500
Stock options exercised			-	120,085
Private placements			-	3,116,250
Issued on property acquisition			-	750,000
Share issuance costs			-	(198,537)
Balance, end of period		$	17,682,581	$ 17,277,421
Contributed surplus				
Balance, beginning of period		$	10,511,621	$ 10,192,777
Stock options exercised			-	(41,335)
Stock based compensation	8		250,267	328,557
Balance, end of period		$	10,761,888	$ 10,479,999
Deficit				
Balance, beginning of period		$	(25,276,916)	$ (22,864,641)
Net income (loss)			(920,946)	(153,392)
Balance, end of period		$	(26,197,862)	$ (23,018,033)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		**$**	2,246,607	$ 4,739,387

The accompanying notes are integral part of these Financial Statements.

TENTH AVENUE PETROLEUM CORP.
STATEMENT OF CASH FLOWS FOR THE THREE AND NINE MONTHS ENDED
[UNAUDITED]

	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
OPERATING ACTIVITIES					
Net income (loss)		$ (186,240)	$ (258,766)	$ (920,946)	$ (153,392)
Items not affecting cash:					
Depletion and depreciation	6	198,606	141,272	603,970	405,302
Stock based compensation		40,387	80,942	250,267	328,557
Loan interest accrued		-	2,275	-	4,550
Accretion	7	32,447	17,945	82,477	47,794
Unrealized gain (loss) on derivatives	4	(24,469)	-	(24,469)	-
Acquisition costs accrued		-	-	-	-
Changes in restricted cash		-	-	55,720	-
Changes in non-cash working capital	10	(58,536)	287,221	(19,281)	(300,315)
CASH PROVIDED BY OPERATING ACTIVITIES		2,195	270,889	27,738	332,496
FINANCING ACTIVITIES					
Proceeds from exercise of warrants		-	-	30,000	52,500
Proceeds from exercise of stock options		-	-	-	78,750
Repayment of long term loan		-	(40,000)	-	(40,000)
Proceeds from private placement		-	-	-	2,917,713
CASH PROVIDED BY FINANCING ACTIVITIES		-	(40,000)	30,000	3,008,963
INVESTING ACTIVITIES					
Purchase of property and equipment	5,6	(70,668)	(452,354)	(466,927)	(2,538,182)
CASH USED IN INVESTING ACTIVITIES		(70,668)	(452,354)	(466,927)	(2,538,182)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(68,473)	(221,465)	(409,189)	803,277
CASH AND CASH EQUIVALENTS, beginning of period		363,502	1,068,114	704,218	43,372
CASH AND CASH EQUIVALENTS, end of period		$ 295,029	$ 846,649	$ 295,029	$ 846,649
Interest paid		$ -	$ -	$ -	$ -

The accompanying notes are 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. These financial statements include the consolidated balances of all subsidiaries; however, the Company does not have any material subsidiaries as at September 30, 2023. Tenth Avenue’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.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements as at September 30, 2023 (the “Financial Statements”) are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following interim note disclosures or have been disclosed on an annual basis only. Accordingly, these Financial Statements should be read in conjunction with the audited consolidated annual financial statements for the year ended December 31, 2022 (the “2022 Annual Financial Statements”).

The Company’s Board of Directors approved these Financial Statements on November 23, 2023.

b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these Financial Statements and related notes are in Canadian dollars, 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 as detailed in the accounting policies disclosed in note 4 of the Financial Statements.

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. Significant judgements, estimates and assumptions made by management in these Financial Statements are consistent with those outlined in note 2 of the 2022 Annual Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are described in note 3 of the 2022 Annual Financial Statements. The Financial Statements at September 30, 2023 have been prepared following the same accounting policies and methods of computation as the most recent consolidated annual financial statements as at and for the year ended December 31, 2022.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2023, financial instruments of the Company include cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, and derivative financial instruments. The fair values of these financial assets and liabilities 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 cash equivalents and trade and other receivables represent the Company's maximum credit exposure. Cash and cash equivalents are 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 accounts receivable is set out in the following table:

Options traded		**September 30, 2023**		December 31, 2022
Oil and gas marketers	**$**	**323,388**	$	239,368
Joint venture partners		**22,814**		103,552
Accounts receivable		**141,260**		67,884
GST receivable		**-**		29,436
	$	**487,462**	$	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 September 30, 2023 and has recorded no provision for expected credit during the period.

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 September 30, 2023 include accounts payable.

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 September 30, 2023:

	1 year	2-3 years	4 to 5 years	>5 years	**Total**
Accounts payable and accrued liabilities	$ 997,406	$ -	$ -	$ -	**$ 997,406**

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 Avenue'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 September 30, 2022, 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 recorded on the Consolidated Statements of Financial Position at fair value, with changes in the fair value being recognized as an unrealized gain or loss through the Consolidated Statements of Net Income and Comprehensive Income.

The Company had the following outstanding financial derivative commodity contracts as at September 30, 2022:

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 Wadf, quality and transportation

The fair value of forward swaps 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 Swaps resulted in a derivative financial instrument asset of $24,469 (December 31, 2022 – N/A).

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 income. For financial derivative commodity contracts in place at September 30, 2023, it is estimated that a $1.00 bbl change in the forward crude oil prices used to calculate the fair value of crude oil derivatives would result in a $9,023 change in net income (loss) for the nine months ended September 30, 2023.

5. ACQUISITIONS AND DISPOSITIONS

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 income (loss) and comprehensive income (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.

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 2022**
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.

6. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment includes development and production assets ("D&P") and corporate assets. 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:

Property, plant and equipment, at cost	**D&P assets**	**Corporate**	**Total PP&E**
Balance at December 31, 2021	$ 1,832,444	$ -	$ 1,832,444
Additions	843,802	-	843,802
Acquisitions (note 5)	5,931,084	-	5,931,084
Change in decommissioning estimates (note 9)	(414,277)	-	(414,277)
Balance at December 31, 2022	**8,193,053**	**-**	**8,193,053**
Additions	**466,927**	**-**	**466,927**
Change in decommissioning estimates (note 7)	**(178,628)**	**-**	**(178,628)**
Balance at September 30, 2023	**$ 8,481,352**	**$ -**	**$ 8,481,352**

Accumulative DD&I		D&P assets		Corporate		Total PP&E
Balance at December 31, 2021	$	97,774	$	-	$	97,774
Impairment		1,764,964		-		1,764,964
Depletion and depreciation		687,322		-		687,322
Balance at December 31, 2022		**2,550,030**		**-**		**2,550,030**
Depletion and depreciation		**603,970**		**-**		**603,970**
Balance at September 30, 2023	**$**	**3,154,000**	**$**	**-**	**$**	**3,154,000**

Net carrying value		**D&P assets**		Corporate		Total PP&E
Balance at December 31, 2022	$	5,643,023	$	-	$	5,643,023
Balance at September 30, 2023	**$**	**5,327,352**	**$**	**-**	**$**	**5,327,352**

Tenth Avenue assessed each of its cash generating units for indicators of potential impairment as at September 30, 2023 and concluded there are no indicators of impairment.

7. 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:

		September 30, 2023		December 31, 2022
Balance, beginning of year	**$**	**3,259,406**	$	992,636
Obligations acquired (note 5)		**-**		2,609,129
Changes in estimates (note 6)		**(178,628)**		(414,277)
Accretion		**82,477**		71,918
Balance, end of period	**$**	**3,163,255**	$	3,259,406

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at September 30, 2023, based on an inflation rate of 2.0% (December 31, 2022 – 2.0%), the total undiscounted amount of the estimated cash flows required to settle the obligation is $4,710,818 (December 31, 2022 – $4,757,504). As at September 30, 2023, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.81% (December 31, 2022 – 3.09%). The Company expects the expenditures to be incurred between 2030 and 2036.

8. 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.

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 September 30, 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.

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	**(6,202,500)**	(0.15)
Warrants exercised	**(30,000)**	(0.15)
Balance at September 30, 2023	**-**	-

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 September 30, 2023	**3,155,000**	0.20
Exercisable at September 30, 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 its annual stock option grant of up to 1,367,500 common shares which were granted to certain directors, officers, and consultants of the Company.

The fair value of stock options granted during the nine months ended September 30, 2023 is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions as follows:

	September 30, 2023
Share price	**$0.20**
Exercise price	**$0.20**
Risk free interest rate	**3.64%**
Expected volatility	**139.34%**
Expected dividend yield	**0%**
Expected life (years)	**3**
Weighted average fair value	**$0.16**

(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 three and nine months ended September 30, 2023, was $40,387 and $250,267, (2022 – $80,942 and $328,557), respectively. The weighted average remaining contractual life of the Company's stock options is 3.7 years.

During the nine-months ended September 30, 2023, the volume weighted average trading price of the Company's common shares on the TSXV was $0.19.

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 three and nine month periods ending September 30, 2023 basic common shares were 39,944,100 and 39,926,518 (2022 – 34,781,170 and 34,781,170), respectively and diluted basic common shares were 39,944,100 and 39,926,518 (2022 – 35,271,170 and 35,271,170), respectively. No options were considered dilutive, and no warrants were outstanding at the end of September 30, 2023.

9. OIL AND GAS SALES, NET OF ROYALTIES

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

	Nine months ended	
	September 30, 2023	September 30, 2022
Oil and gas sales		
Crude oil	**$ 2,728,602**	$ 3,061,757
Natural gas liquids	**36,589**	80,305
Natural gas	**182,209**	66,656
Total	**2,947,400**	3,208,718

10. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended	
	September 30, 2023	September 30, 2022
Accounts receivable	**$ (47,222)**	$ (154,782)
Prepaid expenses and deposits	**(48,122)**	(156,646)
Accounts payable and accrued liabilities	**76,063**	11,113
Change in non-cash working capital	**$ (19,281)**	$ (300,315)
Net change related to operating activities	**47,019**	632,811
Net change related to financing activities	**30,000**	3,008,963
Net change related to investing activities	**(466,927)**	(2,538,182)
Total change in cash and cash equivalents	**$ (409,189)**	$ 803,277

11. CAPITAL MANAGEMENT

Tenth Avenue'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 September 30, 2023, the Company's capital structure is comprised of working capital and shareholders' equity. The significant components of the Company's capital structure are summarized below:

	September 30, 2023	**December 31, 2022**
Adjusted working capital surplus (1)(2)	**82,510**	**447,949**
Long-term debt	**-**	**-**
Net Surplus	**82,510**	**447,949**
Total shareholders' equity	**2,246,607**	**2,887,286**

1. "Adjusted working capital" is calculated as current assets less current liabilities. As at September 30, 2023 and December 31, 2022, Adjusted Working Capital includes cash and cash equivalents, accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities.
2. Adjusted working capital and Net Debt are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. Tenth Avenue 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 Avenue's operations may create a working capital deficiency during periods with high levels of capital investment. During the third quarter of 2023, Tenth Avenue's exploration and development capital expenditures were $70,668 compared to $452,354 in the third quarter of 2022.

As at September 30, 2023, Tenth Avenue had Net Working Capital Surplus of $82,510, down from its working capital surplus net of debt of $447,949 as at December 31, 2022. The Company's existing capital resources are sufficient to satisfy its financial obligations for the next twelve months and Tenth Avenue is well positioned to execute on its short- and longer-term growth strategy.

The Company's exploration and development capital expenditure budget for the remainder of 2023 will be funded by cash provided by operating activities and may be supplemented by short term advances of bank debt during periods of high capital investment. To maintain or adjust its capital structure in the future, the Company may issue new common shares or other equity securities, issue debt, adjust capital expenditures and acquire or dispose of assets.

As at September 30, 2023, the Company is not subject to any externally imposed capital requirements.

12. RELATED PARTY DISCLOSURES

During the nine months ending September 30, 2023 the Company has incurred consulting fees of $129,394 (2022 - $100,000) to officers of the Company. As at September 30, 2023, there was $19,250 (2022 - $7,342) outstanding included in accounts payable and accrued liabilities. During the same period, the Company also incurred $41,538 (2022 - $109,759) in legal fees and $Nil (2022 - $28,490) in share capital costs to a firm where a Company director is a partner.