Q1 2024
INTERIM FINANCIAL STATEMENTS

TENTH AVENUE PETROLEUM CORP.
TSXV:TPC

www.tenthavenuepetroleum.com

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

	Note	March 31, 2024	December 31, 2023
ASSETS			
Current			
Cash		$ 80,760	$ 219,124
Trade and other receivables	4	477,215	382,590
Prepaid expenses and deposits		161,011	169,957
Derivative financial instruments	4	-	68,603
		718,986	840,274
Long term			
Restricted cash held in trust		59,293	58,535
Property and equipment	5	4,743,837	5,018,102
		$ 5,522,116	**$ 5,916,911**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 654,140	$ 740,303
Derivative financial instruments	4	31,634	-
		685,774	740,303
Long term			
Decommissioning obligations	6	3,346,775	3,509,969
Total liabilities		4,032,549	4,250,272
SHAREHOLDERS' EQUITY			
Share capital	7	17,682,581	17,682,581
Contributed surplus		10,715,089	10,671,839
Deficit		(26,908,103)	(26,687,781)
		1,489,567	1,666,639
		$ 5,522,116	**$ 5,916,911**

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.
STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED
[UNAUDITED]

	Note		March 31, 2024		March 31, 2023
REVENUE					
Oil & natural gas sales	8	$	775,247	$	1,018,566
Royalties			(70,755)		(122,982)
Gas gathering, processing and other income			20,892		23,420
			725,384		919,004
Realized gain on derivatives	4		57,666		-
Unrealized loss on derivatives	4		(100,237)		-
			682,813		919,004
EXPENSES					
Production and transportation			585,943		738,714
General and administrative			151,068		129,517
Accretion	6		30,453		24,002
Stock based compensation	7		43,250		74,041
Impairment of property and equipment	5		(54,054)		-
Depletion and depreciation	5		146,475		221,094
			903,135		1,187,368
OPERATING LOSS FROM OPERATIONS			(220,322)		(268,364)
NET LOSS AND COMPREHENSIVE LOSS		$	(220,322)	$	(268,364)
LOSS PER SHARE					
Basic	7	$	(0.01)	$	(0.01)
Diluted	7	$	(0.01)	$	(0.01)

The accompanying notes are integral part of these Financial Statements.

TENTH AVENUE PETROLEUM CORP.
STATEMENT OF SHAREHOLDERS' EQUITY FOR THE THREE MONTHS ENDED
[UNAUDITED]

	Note		March 31, 2024	March 31, 2023
SHAREHOLDERS' EQUITY				
Share capital	7			
Balance, beginning of year		$	17,682,581	$ 17,652,581
Warrants exercised			-	30,000
Balance, end of period		$	17,682,581	$ 17,682,581
Contributed surplus				
Balance, beginning of year		$	10,671,839	$ 10,511,621
Stock based compensation	7		43,250	74,041
Balance, end of period		$	10,715,089	$ 10,585,662
Deficit				
Balance, beginning of year		$	(26,687,781)	$ (25,276,916)
Net loss			(220,322)	(268,364)
Balance, end of period		$	(26,908,103)	$ (25,545,280)
TOTAL SHAREHOLDERS' EQUITY		**$**	1,489,567	$ 2,722,963

The accompanying notes are integral part of these Financial Statements.

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

	Note		March 31, 2024		March 31, 2023
OPERATING ACTIVITIES					
Net income (loss)		$	(220,322)	$	(268,364)
Items not affecting cash:					
Depletion and depreciation	5		146,475		221,094
Stock based compensation	7		43,250		74,041
Accretion	6		30,453		24,002
Unrealized gain (loss) on derivatives	4		100,237		-
Impairment	5		(54,054)		-
Changes in restricted cash			(758)		(628)
Changes in non-cash working capital	9		(171,842)		(76,051)
CASH USED BY OPERATING ACTIVITIES			(126,561)		(25,906)
FINANCING ACTIVITIES					
Proceeds from exercise of warrants	7		-		30,000
CASH PROVIDED BY FINANCING ACTIVITIES			-		30,000
INVESTING ACTIVITIES					
Purchase of property and equipment	5		(11,803)		(138,853)
Changes in non-cash working capital	9		-		-
CASH USED IN INVESTING ACTIVITIES			(11,803)		(138,853)
NET CHANGE IN CASH AND CASH EQUIVALENTS			(138,364)		(134,759)
CASH AND CASH EQUIVALENTS, beginning of period			219,124		704,218
CASH AND CASH EQUIVALENTS, end of period		$	80,760	$	569,459
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. Tenth's common shares are listed on the TSX Venture Exchange ("TSXV") and trade under the symbol "TPC". The Company's head office and registered address is located at 2003, 188 15th Avenue S.W., Calgary, Alberta T2R 1S4.

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

As at March 31, 2024, the Company has a working capital surplus of $33,212 (December 31, 2023 - $99,971), incurred a loss of $220,322 (2023 - $268,364) and had cash used from operations of $126,561 (2023 –$25,906) for the three months ended March 31, 2024. 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 condensed interim financial statements as at March 31, 2024 (the "Financial Statements") are unaudited and have been prepared in accordance with IFRS Accounting 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 annual financial statements for the year ended December 31, 2023 (the "2023 Annual Financial Statements").

The Company's Board of Directors approved these Financial Statements on May 27, 2024.

b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these Financial Statements and related notes are in Canadian dollars ("CA$"), which is the functional and presentation currency of the Company. The Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value 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 2023 Annual Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are described in note 3 of the 2023 Annual Financial Statements. The Financial Statements at March 31, 2024 have been prepared following the same accounting policies and methods of computation as the most recent annual financial statements as at and for the year ended December 31, 2023.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 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		**March 31, 2024**		December 31, 2023
Oil and gas marketers	**$**	**284,107**	$	227,272
Joint venture partners		**40,145**		27,102
Other		**152,963**		128,216
GST		**-**		-
	$	**477,215**	$	382,590

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 March 31, 2024 and has recorded no (2023 - $nil) 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 March 31, 2024 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 March 31, 2024:

	1 year	2-3 years	4 to 5 years	>5 years	**Total**
Accounts payable and accrued liabilities	$ 654,140	$ -	$ -	$ -	**$ 654,140**

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 March 31, 2024, the Company has a commodity price risk management contract in place to protect cash flows and project economics. This instrument is not used for trading or speculative purposes. The Company has not designated its financial derivative contract as effective accounting hedges, even though the Company considers all commodity contracts to be effective economic hedges. As a result, all such financial commodity contracts are initially recorded on the statements of financial position at fair value, with subsequent changes in the fair value being recognized as an unrealized gain or loss through profit or loss.

The Company had the following outstanding financial derivative commodity contracts as at March 31, 2024:

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

(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 commodity contracts is determined by discounting the difference between the contracted prices and published forward price curves as at the statement of financial position date, using the remaining contracted oil volumes and a risk-free interest rate (based on published government rates). The fair value of the Company's outstanding commodity contract resulted in a derivative financial instrument liability of $31,634 at March 31, 2024 (December 31, 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. For financial derivative commodity contracts in place at March 31, 2024, management used a weighted average commodity price of $101 CAD/US bbl (December 31, 2023 - $101 CAD/US bbl). It is estimated that a $1.00 CAD per US bbl change in the forward crude oil prices used to calculate the fair value of crude oil derivatives would result in a $13,508 change in profit or loss for the period.

5. PROPERTY AND EQUIPMENT

The Company's property 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 and equipment, at cost	D&P assets	Corporate	Total PP&E
Balance at December 31, 2022	$ 8,193,053	$ -	$ 8,193,053
Additions	482,554	-	482,554
Change in decommissioning estimates (note 6)	144,008	-	144,008
Balance at December 31, 2023	**8,819,615**	**-**	**8,819,615**
Additions	**11,803**	**-**	**11,803**
Change in decommissioning estimates (note 6)	**(193,647)**	**-**	**(193,647)**
Balance at March 31, 2024	**$ 8,637,771**	**$ -**	**$ 8,637,771**

Accumulative DD&I	D&P assets	Corporate	Total PP&E
Balance at December 31, 2022	$ 2,550,030	$ -	$ 2,550,030
Impairment	471,885	-	471,885
Depletion and depreciation	779,598	-	779,598
Balance at December 31, 2023	**3,801,513**	**-**	**3,801,513**
Impairment reversal	**(54,054)**	**-**	**(54,054)**
Depletion and depreciation	**146,475**	**-**	**146,475**
Balance at March 31, 2024	**$ 3,893,934**	**$ -**	**$ 3,893,934**

Net carrying value	**D&P assets**	Corporate	Total PP&E
Balance at December 31, 2023	$ 5,018,102	$ -	$ 5,018,102
Balance at March 31, 2024	**$ 4,743,837**	**$ -**	**$ 4,743,837**

Tenth Avenue assessed each of its cash generating units for indicators of potential impairment or reversals of prior period adjustments as at March 31, 2024. It was determined there was a reversal of impairment for the Swan Hills CGU, due to an ARO change in estimate (note 6). The asset remains fully impaired at March 31, 2024. There were no further indicators of impairment.

6. 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:

	March 31, 2024	December 31, 2023
Balance, beginning of year	**$ 3,509,969**	**$ 3,259,406**
Changes in estimates	**(193,647)**	**144,008**
Accretion	**30,453**	**106,555**
Balance, end of period	**$ 3,346,775**	**$ 3,509,969**

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at March 31, 2024, based on an inflation rate of 2.0% (December 31, 2023 – 2.0%) the total undiscounted amount of the estimated cash flows required to settle the obligation is $3,346,775 (December 31, 2023 - $5,042,334). As at March 31, 2024, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.48% (December 31, 2023 – 3.02%). The Company expects the expenditures to be incurred between 2028 and 2043.

7. 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, 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 and March 31, 2024	**39,944,100**	17,682,581

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 and March 31, 2024	**-**	-

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, 2022	**2,940,000**	0.20
Granted(1)	**1,367,500**	0.20
Forfeited	**(1,152,500)**	(0.20)
Balance at December 31, 2023	**3,155,000**	0.20
Forfeited	**(22,500)**	(0.20)
Balance at March 31, 2024	**3,132,500**	0.20
Exercisable at March 31, 2024	**1,652,505**	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 three-month period ending March 31, 2024.

The total stock based compensation calculated for the period ended March 31, 2024 was $43,250 (2023 - $74,041). The weighted average remaining contractual life of the Company's stock options is 2.72 years.

During the three-month period ended March 31, 2024, the volume weighted average trading price of the Company's common shares on the TSXV was $0.13.

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 period ending March 31, 2023 basic common shares were 39,944,100 (2023 – 39,970,100) and diluted basic common shares were 39,944,100 (2023 – 40,073,433). No options were considered dilutive, and no warrants were outstanding as at March 31, 2024.

8. OIL AND GAS SALES

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

	Three months ended	
	March 31, 2024	March 31, 2023
Oil and gas sales		
Crude oil	**$ 736,439**	$ 910,380
Natural gas liquids	**34,528**	10,435
Natural gas	**4,280**	97,751
Total, before realized gain on derivative	**775,247**	1,018,566
Realized gain on derivative	**57,666**	-
Total	**$ 832,913**	$ 1,018,566

9. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended	
	March 31, 2024	March 31, 2023
Accounts receivable	**$ (94,625)**	$ 49,465
Prepaid expenses and deposits	**8,946**	18,547
Accounts payable and accrued liabilities	**(86,163)**	(144,063)
Change in non-cash working capital	**$ (171,842)**	$ (76,051)
Net change related to operating activities	**(171,842)**	(76,051)
Net change related to investing activities	**-**	-
Total	**(171,842)**	(132,399)
Non-cash transactions:		
Revisions to decommissioning obligations	**$ (193,647)**	$ 95,153

10. 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 March 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:

	March 31, 2024	**December 31, 2023**
Adjusted working capital surplus (1)(2)	**$ 33,321**	**$ 99,971**
Net Surplus	**$ 33,321**	**$ 99,971**
Total shareholders' equity	**$ 1,489,567**	**$ 1,666,639**

1. "Adjusted working capital" is calculated as current assets less current liabilities. As at March 31, 2024 and December 31, 2023, 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's operations may create a working capital deficiency during periods with high levels of capital investment. During the period ended March 31, 2024, Tenth's exploration and development capital expenditures were $11,803 (December 31, 2023 - $482,554).

As at March 31, 2024, Tenth had net working capital surplus of $33,212 (December 31, 2023 - $99,971). The Company's existing capital resources are sufficient to satisfy its current financial obligations at the reporting period date

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

11. RELATED PARTY DISCLOSURES

During the three months ending March 31, 2024 the Company has incurred consulting fees of $55,000 (2023 - $30,000) to officers of the Company. As at March 31, 2024, there was $nil (2023 - $nil) outstanding which was included in accounts payable and accrued liabilities. During the same period, the Company also incurred $1,517 (2023 - $13,708) in legal fees and no (2023 - $Nil) in share capital costs to a firm where a Company director is a partner.