

Tenth Avenue Petroleum Corp.
Management's Discussion and Analysis
For the Twelve Months Ended December 31, 2019

The following management discussion and analysis (“**MD&A**”) of the financial position and results of operations and cash flows of Tenth Avenue Petroleum Corp. (“**TAPC**” or the “**Company**”) is dated April 15, 2020 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019 and notes thereto. The financial data presented herein has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as summarized in the accounting policies in the Notes to the Company’s financial statements. All financial amounts are expressed in Canadian dollars, except as otherwise indicated.

This MD&A of TAPC has been prepared by management and approved by the Audit Committee and Board of Directors of the Company in accordance with National Instrument 51-102 released by the Canadian Securities Administrators.

DESCRIPTION OF THE COMPANY

TAPC is a Calgary, Alberta based petroleum and natural gas exploration, production and development company, with operations in the Canadian provinces of Alberta and British Columbia. TAPC trades on the Toronto Stock Venture Exchange (“**TSXV**”) under the symbol TPC. Additional information related to the Company, may be found on the Canadian Securities Administrators’ System for Electronic Distribution and Retrieval (“**sedar**”) website at www.sedar.com.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

NON-IFRS MEASURES

Sometimes the Company may use terms for measurement within the MD&A that do not have a standardized prescribed meaning under IFRS and these measurements may differ from other companies and accordingly may not be comparable to measures used by other companies. If such terms are used, in addition to profit and loss and cash flow from operating activities as defined by IFRS, they are used as additional tools for evaluating TAPC’s operating performance and will be defined where used.

BOE Conversion (51-101 Advisory)

In accordance with National Instrument 51-101, Standards for Disclosure of Oil and Gas Activities (“**NI 51-101**”), petroleum and natural gas reserves and volumes are converted to an equivalent measurement basis referred to as a “barrel of oil equivalent” (“**boe**”) on the basis of 6 thousand cubic feet of natural gas equal to 1 barrel of oil. This conversion is based on an energy equivalency conversion method applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that boe may be misleading, particularly if used in isolation.

Frequently Used Terms:

Barrels	Bbl
Barrels of Oil equivalent	Boe
Barrels of oil equivalent per day	boed
Thousand cubic feet	mcf
Natural Gas Liquids	NGL’s

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Forward-looking Information

Management of TAPC caution that certain statements contained in this document may constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. TAPC believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this document should not be unduly relied upon. These forward-looking statements speak only as of the date of this document.

In particular, the MD&A may contain forward-looking statements relating to, among other things:

- capital expenditure programs;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- exploration and development; and
- treatment under governmental regulatory regimes.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in the MD&A:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- changes to royalty regimes and government regulations
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and processing problems;
- imprecision in estimating capital expenditures, operating expenses, levels of production and drilling
- fluctuations in foreign exchange or interest rates and stock market volatility; and
- product supply and demand
- ability to obtain financing for its projects and operations
- general economic conditions in Canada and globally.

These factors should not be considered exhaustive. Management undertakes no obligation to publicly update or revise any forward-looking statements applicable to them, except as required by applicable securities laws.

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1. Description of Business

TAPC is a Calgary-based junior oil and gas exploration company operating in Western Canada. Canadian oil operations are carried on in the name of TAPC. TAPC has two subsidiaries. TAPC owns a wholly owned subsidiary, Jadela Oil (US) Operating LLC ("**Jadela US**"). Jadela Disposal Well Corp ("**JDWC**") has a 22% co-ownership interest in a disposal well in Ft. Nelson, British Columbia. The focus for TAPC in 2019 and 2020 will be to acquire producing oil and gas assets in the Canadian Western Sedimentary Basin.

Jadela US had acquired rights by way of mineral lease or options to acquire mineral leases to exploit oil and gas mineral rights in Maverick County, Texas. As of December 31, 2015, all of the oil and gas mineral lease rights had expired. Commencing on that date, as Jadela US no longer has oil and gas properties in Texas, the previous United States segment has been treated as discontinued operations and removed from current and comparative period results throughout this MD&A. All tables, except those expressly described as discontinued operations, contain information from TAPC's continuing operations only.

On July 31, 2017, the Corporation completed the purchase of certain oil and gas producing assets (the "**Waskahigan Acquisition**") in the Waskahigan area of Alberta (the "**Waskahigan Assets**").

The Waskahigan Acquisition included 8 wells and associated production of approximately 1,800 mcf/d of dry sweet natural gas and 17 barrels of natural gas liquids per day. TAPC acquired mineral rights to 22 gross sections (15.19 net sections) (14,080 gross acres 9,726 net acres). The majority of the mineral rights are above Bullhead Bullhead Group formation (primarily Dunvegan, Notikewin and Gething formation) near Fox Creek, Alberta. TAPC has identified drilling locations on the lands acquired and has plans to increase production upon natural gas prices improving. The Company acquired oil and gas assets of \$1,577,590 and asset retirement liabilities of \$324,664 for a final adjusted purchase price for the Waskahigan Assets of \$1,252,926 which includes customary purchase adjustments. The transactions costs incurred on the acquisition of \$52,500 were expensed. This acquisition was accounted for using the acquisition method of accounting, which only includes operating results subsequent to the date of acquisition. The fair value of the P & NG purchases has been determined with reference to an independent reserve report and equates the purchase price above. The fair value of the ARO was initially estimated using a credit adjusted rate of 13 %.

The calculation of the final statement of adjustments is set out below:

	\$
Purchase Price:	
P&NG Rights	1,120,000
Tangibles	279,990
Miscellaneous Interest	10
GST on Tangible	14,000
Total Purchase Price	1,414,000
Interest	9,528
Net Operating Income	(257,412)
P&NG Rental Payments	6,230
Surface Rental Payments	6,898
Inventory (Oil & NGL)	41,928
Taxes and fees	31,754
Consideration paid	1,252,926

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On July 31, 2017, the Company entered into a Loan and Participation Agreement with Smoky Oil & Gas Corp (“**Smoky**”) and Batoche Oil & Gas Exploration Ltd. (“**Batoche**”) which are related companies by way of common directors and officers. Pursuant to the terms of the Loan and Participation Agreement (“**LPA**”), Smoky lent the Company the sum of \$1,326,593 to make the acquisition of the Waskahigan Assets. The interest rate on the loan principal is 6% per annum. All obligation owing are secured by a general security agreement charging all of the assets of the Company. The loan is a demand loan.

On July 31, 2017, the Company had agreed to farmout to Batoche the Waskahigan Assets (other than existing wells and applicable spacing units)(“**Waskahigan Participation Assets**”). By amending agreement, the Company and Batoche agreed to terminate the farm in rights effective July 31, 2017.

Pursuant to the original LPA, as additional consideration, Smoky was entitled to receive post payout of the loan: (a) 80% of net cash flow from the Waskahigan Assets (less agreed general and administrative expenses) until December 31, 2021 (subject to farmout rights); (b) 80% of net sale proceeds of Waskahigan Assets (subject to farmout rights); (c) right to compel the Company to buy Smoky’s right to 80% of the net cash flow from the Waskahigan Assets (subject to farmout rights) for 2.5 times net cash flow; and (d) right to compel the Company to buy Smoky’s right to 24% of the net cash flow from the Waskahigan Participation Assets (subject to farmout rights) for 2.5 times net cash flow from the Waskahigan Participation Assets (hereinafter called the “**Post Payout Additional Consideration**”).

Pursuant to the LPA, the Company had the right to compel Smoky to sell its right to Post Payout Additional Consideration for 2.5 times net cash flow on trailing 12 month basis. This amount was \$1.00 for the fiscal period ended December 31, 2018. The Company exercised its right to buyout the right of Smoky to the Post Payout Additional Consideration.

The loan is a related party loan and the interest rate charged on the loan was deemed to be below the interest market rate which was estimated to be 15%. The expected future cash flows from the loan were discounted by 15% and the resulting difference of \$491,920 between the fair value of the loan and the face value was charged to contributed surplus when the loan was initially recognized. Annual interest was accruing at the market rate of 15% however this accounting treatment did not change the legal obligation of the Company to repay \$1,325,810 with interest at 6%. On May 6, 2019 the LPA was amended and the loan was converted to a demand loan. When the loan was modified to a demand loan, the entire value became a current liability and was required to be shown at face value which resulted in a \$399,408 loss on the modification of the debt which was included in profit and loss. Subsequent to the modification of the loan, the interest on the loan will be recorded at the 6% stated rate from the loan agreement rather than the 15% market rate.

2. Consolidated Financial Results for the Twelve Month Period Ended December 31, 2019

The Company incurred a net loss for the twelve months ended December 31, 2019 of \$524,157 (2018 - \$200,450). Depletion, depreciation and impairment was \$150,703 (2018 - \$215,319), interest expense was \$104,393 (2018 - \$135,793) and accretion was \$50,128 (2018 - \$47,202) for the twelve months ended December 31, 2019.

Activities in 2019

(a) Waskahigan Assets

TAPC bought the Waskahigan Assets on July 31, 2017. There were no purchases in 2019.

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(b) Land – Maverick County – Texas 660 Acres Earned on Drilling El Indio #1H

Jadela US acquired its rights through a series of agreements with El Indio Investment Corp (“**EIIC**”), a company owned by an officer and director of the Company, which in turn entered into a series of agreements with respect to the mineral rights under a 5,576 acre tract in Maverick County, Texas. EIIC entered into a farmout agreement (“**EIIC/RA Farmout Agreement**”) with two private companies (“**RA/CMR**”) to farm in to 5,576 gross acres (net 4,915 acres) which had been leased by RA/CMR from: (a) Cinco 1994 Family Limited Partnership Ltd. (“**Cinco**”); (b) a lessor which owned approximately 673 net acres within the 5,576 acre tract; and (c) 8 other mineral lessors which owned approximately 160 net acres within the 5,576 acre tract. Pursuant to the EIIC/RA Farmout Agreement, EIIC has earned a 87.5% working interest in 660 acres (“**660 Acre Lands**”) as a result of drilling a 2,400 foot horizontal well called El Indio #1H. Jadela US entered into a sub-farmout agreement with EIIC (“**Sub-Farmout Agreement**”) to earn a 65% interest. The 660 Acre Lands lease has been terminated by the Lessor because the company has not produced the minimum required production. The Company plans to abandon the well in the fourth quarter of 2020.

(c) Cinco Lands

As of December 31, 2014, Jadela US had acquired rights to explore for oil and gas under oil and gas mineral leases in approximately 6,468 gross acres (355 net acres)(“**Cinco Lands**”) These leases expired on November 30, 2015. Strata-X Energy Ltd. drilled a vertical wells on the Cinco Option Lands in the fourth quarter of 2013 (Saus Creek #1) preserving 40 acres of the leases. The well is on jointly held property. Jadela has a 3.125% working interest. Jadela was served with an AFE for approximately \$2,500,000 to earn its proportional share of the 40 acres. The Company elected not to participate in the well. The well has not been completed. It is expected that Strata-X Energy Ltd. will abandon the well and surrender the 40 acres in 2020.

As at December 31, 2014 the carrying value on the 660 Acre Lands, Cinco Lands and the related downhole and surface well equipment was approximately \$60,000 which is included in Exploration and Evaluation Assets. The assets were written off in 2015. The Company has a deposit with the Texas Railroad Commission of \$25,000. The Company has unpaid receivables to a non-operator joint venturer in excess of \$20,000 US which are not reflected in the balance sheet as assets. It is estimated that the cost to abandon the well and remediate the well site will be approximately \$52,000US. The Company is responsible for 65% of the cost. It is likely the Company will have to sue one of its non-operator joint venturer to pay for unpaid receivables and their proportionate share of the abandonment and remediation.

3. Oil & Gas Production

(a) Historical Low AECO Natural Gas Price Has resulted in TAPC shutting in Production

TAPC shut in most of its operated production for majority of 2019 because of historically low commodity prices. Unless hedged, TAPC receives a reference price referred to as AECO. The average processing charge is \$0.80/gj. The NGTL transportation charge is \$0.24 mcf/d other variable operating costs are \$0.20/mcf/d. Unless TAPC can realize \$1.00/mcf/d net of processing fees, NGTL transportation and variable operating costs then TAPC intends to shut its production.

There are many factors influencing the drop in sales prices for AECO natural gas prices and price differential, including: (a) pipeline construction by Trans Canada Pipelines Ltd. (“**TCPL**”); (b) excess supply of Canadian gas; (c) lack of take-away capacity in Canada; (d) increased production in the US due to pipeline access availability; (e) no LNG exports from Canada; and (f) panic selling as a result of inordinate differential spreads between North American prices and AECO pricing. Pipeline takeaway capacity may improve until TCPL and Alliance Pipeline complete construction of expansion in 2020. Oversupply of natural gas in the US may depress prices until such time as US LNG exports deplete North American inventories. The structural elements may take 1.5 years to balance themselves.

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(b) Waskahigan

Production from one well which is normally processed through the Firenze Energy Ltd.'s ("**Firenze**") Tony Creek gas plant (Wooster meter station) (approx. 800 -1,000 mcf/day) was shut in from April 1, 2019 until October 15, 2019 because of low commodity prices and the well was shut in until November 2019. Production which was being processed through the Paramount Resources Ltd. ("**Paramount**") Deep Valley gas plant (Maddenville meter station)(approx. 600 mcf/d) will continue through to year end because of reduced processing charges.

Production which was being processed through Canadian Natural Resources Ltd.'s ("**CNRL**") Waskahigan plant (on Waskahigan meter station) was shut in on September 1, 2017 (approx. 200/mcf/d). Production will not recommence into Waskahigan processing plant until commodity prices recover and TAPC has made certain credit provisions in favour of CNRL. CNRL has not advised TAPC what they will require in order to permit recommencement of production.

(c) Crossfield, Alberta, Area

Gas production from 10-29-030-03-W5 well has been shut in for 2019 because of mechanical issues

The Company has a 35% working interest in the well, subject to a 12.5% lessor's royalty. The Company is the operator but subcontracts the operations to another oil company.

A Viking formation oil well under Section 10-29-030-03W5th was drilled in February and completed in April 2012. The Company has a 7% working interest in the well and the well is producing.

(d) Northeast British Columbia Water Disposal Well

The Company owns a 22% working interest in the Ft. Nelson British Columbia salt water disposal well (Kotcho c-B67-K 94-I-14). Cancen Oil Processors BC Ltd. owns 78% working interest and is the operator. The well has been shut in since 2016 and the operator has not provided any accounting information for the fiscal period. Operating results include the Company's share of revenues for the year ending December 31, 2016 of \$Nil (2015 - Nil) and operating expenses of \$Nil (2015 Nil). The operations have been restricted since 2016 due to low commodity prices and reduced activity in the Horn River, British Columbia area. The Company and Cancen Oil Processors BC Ltd. have \$566,500 on deposit, of which 22% is TAPC's portion, with the British Columbia Oil & Gas Commission under the Liability Management Rating program under the Oil & Gas Activities Act of British Columbia.

(e) Texas

The El Indio #1 well was shut in since 2016. As a result of the failure to meet minimum oil production the lease rights were terminated. The Company will be disassembling the well in the fourth quarter of 2020.

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4. Results of Operations

The following table summarizes the Company's results of operations.

PRODUCTION

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	% Change	2019	2018	% Change
	Total BOE	23,849	24,143	(1)	64,498	65,718
Oil (BBL/d)	1	1	0	4	1	300
Natural Gas (MCF/D)	1,481	1,530	(3)	981	998	(2)
NGL (BBL/D)	12	17	(29)	9	13	(31)
Total (BOE/D)	260	273	(5)	177	180	(2)

REVENUE

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	% Change	2019	2018	% Change
	Oil Sales (\$)	7,723	810	854	78,724	33,446
Natural Gas Sales (\$)	293,209	255,487	15	632,530	597,405	6
NGL Sales (\$)	52,917	54,610	(3)	153,317	203,740	(25)
Oil & Natural Gas Sales (\$)	353,849	310,907	14	864,571	834,591	4

ROYALTIES

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	% Change	2019	2018	% Change
	Royalties (\$)	47,381	(36,106)	(231)	75,410	75,980
Royalties as a % of sales	13%	-12%	(215)	9%	9%	(4)
Royalty expense per BOE (\$)	1.99	(1.50)	(233)	1.17	1.16	1

PRODUCTION EXPENSE

	Three months ended December 31			Twelve months ended		
	2019	2018	% Change	2019	2018	% Change
	Production costs (\$)	109,496	115,841	(5)	378,812	362,927
Productions costs per BOE (\$)	4.59	4.80	(4)	5.87	5.52	6

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GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	% Change	2019	2018	% Change
	G&A Costs (\$)	56,894	112,436	(49)	233,523	195,473
G&A costs per BOE (\$)	2.39	4.66	(49)	3.62	2.97	22

NETBACKS

(\$/BOE)	Three months ended December 31			Twelve months ended December 31		
	2019	2018	% Change	2019	2018	% Change
	Oil and Natural Gas Sales	14.84	12.88	15	13.41	12.70
Royalties	(1.99)	1.50	(233)	(1.17)	(1.16)	1
Production costs	(4.59)	(4.80)	(4)	(5.87)	(5.52)	6
Operating Netback	8.26	9.58	(14)	6.37	6.02	6

DEPLETION, DEPRECIATION, AND AMORTIZATION ("DD&A")

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	% Change	2019	2018	% Change
	DD&A (\$)	32,065	72,765	(56)	150,703	215,319
DD&A costs per BOE (\$)	1.34	3.01	(55)	2.34	3.28	(29)

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5. Selected Quarterly Information

The following table sets out certain financial information pertaining to TAPC for each three month period end:

SUMMARY OF QUARTERLY INFORMATION

Quarters ended	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
OPERATING								
Average daily production								
Oil (BBL/D)	1	1	4	9	18	6	10	20
Natural gas ((MCF/D)	1,481	547	664	207	1,530	644	379	1,328
Total BOE (BOE/D)	260	96	121	231	273	113	73	241
Average sales price								
Oil (\$/BBL)	67.38	67.52	72.44	48.25	40.00	78.47	75.28	52.00
Natural gas (\$/MCF)	1.98	0.97	1.09	2.01	1.49	1.03	1.33	1.94
Total (\$/BOE)	13.91	8.28	11.02	15.22	10.65	9.27	14.71	14.94
Operating netback (\$/BOE)								
Oil & gas sales	14.84	8.28	11.02	15.22	10.65	9.27	14.71	14.94
Royalty expense	(1.99)	(0.24)	3.91	(3.31)	(2.05)	(1.38)	(2.03)	(0.26)
Operating expense	(4.59)	(8.50)	(5.81)	(6.26)	(5.97)	(5.58)	(7.74)	(5.69)
Netback	8.26	(0.46)	9.12	5.65	2.63	2.31	4.94	8.99
FINANCIAL								
Oil & gas sales	353,850	73,533	120,923	316,265	310,907	96,445	99,157	328,082
Cash flow from (used in)	(41,753)	4,890	(18,414)	48,987	912	73,000	70,404	48,575
Net Income (loss)	(303,374)	(124,717)	(43,554)	(52,512)	(199,007)	(160,300)	(85,243)	(97,826)
Per share – Basic/Duluted	(0.03)	(0.012)	(0.004)	(0.005)	0.01	(0.02)	(0.01)	(0.01)
Capital expenditures	2,382	-	-	-	-	-	-	-
Total Assets	1,971,889	1,867,141	1,917,173	2,098,259	2,089,214	1,799,836	1,841,048	1,916,358
Working capital (deficiency)	(1,319,323)	(374,352)	(286,662)	(253,066)	(306,681)	(160,300)	(366,269)	(353,881)
Shareholders' Equity	(409,848)	(106,474)	18,243	61,797	114,309	(318,598)	(268,212)	(182,966)
Shares Outstanding	10,512,658	10,512,658	10,512,658	10,512,658	10,512,658	8,912,658	8,912,658	8,912,658

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6. Liquidity

The December 31, 2019 financial statements do not reflect the adjustments and classifications of assets, liabilities, revenues and expenses which would be necessary if the Company were unable to continue as a going concern. The accompanying financial statements have been prepared using the going concern assumption which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

TAPC is subject to certain fluctuations and trends, such as market conditions, interest rate levels, commodity prices, and industry conditions which could affect its ability to raise the necessary capital to remain as a going concern. In addition, TAPC remains focused on exploration of oil and gas prospects and the results of drilling these prospects could materially affect TAPC's ability to raise additional capital. TAPC plans to meet its exploration and development expenditures and overhead costs through the raising of additional debt or equity financing and/or the completion of joint venture partnerships with third parties.

As at December 31, 2019 TAPC had working capital deficit of \$1,319,323. The working capital calculation excludes \$211,013 in restricted cash on deposit with regulatory authorities to which may offset the current assets retirement obligation. The Company has downhole equipment and wellsite equipment to offset the abandonment and remediation liability. Because the value of the oil and equipment is contingent this receivable and the other US assets have undetermined value these assets are not included in the financial statement disclosure.

Pursuant to the terms of the LPA, Smoky lent TAPC the sum of \$1,326,593 to make the acquisition. The loan is payable on demand. The interest rate on the loan principal is 6% per annum. All obligation owing are secured by a general security agreement charging all of the assets of TAPC. The loan is a demand loan.

TAPC has commitments to abandon and remediate the El Indio #1 well in Texas. TAPC expects to do this by the end of the second quarter in 2020. The cost will be US \$26,000 to US \$52,000 which will have to be funded from cash flow. Upon completion and appropriate certificates being obtained the Texas Railroad Commission should release the \$25,000 US deposit. TAPC has a commitment to remediate an unused well site in Crossfield, Alberta. TAPC will require approximately \$25,000 to \$30,000 to remediate the well in 2020 and the remediation will occur in 2020 provided cash flow from operations is available.

7. Credit Risks relating to Financial Instruments

TAPC generates accounts receivable upon sale of its natural gas, oil and condensate. Overall, the parties to which TAPC relies on to pay for the sale of petroleum products do not constitute any significant credit risk.

TAPC has an oil and liquids marketing agreement for Waskahigan Assets with Tidal Energy Marketers Inc. ("**Tidal**").

Effective December 1, 2017, TAPC entered into a gas marketing agreement with BP Canada Energy Group ULC ("**BP**") for any natural gas taken in kind in Waskahigan for 1 year period. This was extended to November 30, 2020.

Effective January 1, 2018, TAPC entered into a gas handling agreement with Paramount for gas processed by the Deep Valley plant (TCPL Maddenville meter station) which provided TAPC could not take in kind until it had provided Paramount with financial assurances that they would be paid for processing and compression costs. TAPC provided a \$20,000 deposit at end of June 2018 which permits TAPC to take in kind. TAPC has a compression and processing agreement with Firenze for natural gas processed through the Tony Creek plant (TCPL Wooster meter station). Occasionally, TAPC will rely on the firm service of Firenze to market its gas and in such case Firenze will bill on a JIB basis and pay the net proceeds from the sale of such gas to TAPC. Firenze is a subsidiary of Toscana (TSXV listed company).

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Until August 31, 2017, TAPC had processed gas through CNRL's Waskahigan plant (TCPL Waskahigan meter station). TAPC does not have TCPL firm service through the Waskahigan meter station and CNRL will not permit TAPC to process gas through their plant and take in kind until such time as appropriate credit arrangements have been made. CNRL has not specified what their requirements are for permission to process gas through their facility. It is assumed that CNRL requirements will be for TAPC to post letters of credit sufficient to cover 3 months processing, compression and well service charges (\$10,000) and a further \$163,000 based on TAPC's share of deemed abandonment and remediation liability on shared wells. According to the AER January 2017 LLR calculation this amount would be as set out in the following table:

	License Number	License Status	UWI	SEC	TWP	RGE	MER	Deemed Asset Amount	Deemed Liability Amount	CNRL's %	TAPC's	TAPC share of net Deemed Liability
A	W 0415238	Amended	16	19	62	21	5	0	96,270	50%	6%	\$(5,776)
B	W 0349372	Amended	15	24	63	24	5	68,248	254,127	50%	50%	(92,939)
C	W 0384899	Issued	16	32	63	24	5	11,599	108,593	33%	67%	(64,985)
												\$(163,700)

With respect to accounts payables, TAPC has and will likely provide security to creditors for services: TAPC has provided a \$14,000 letter of credit to TCPL to guarantee payment of transportation fees. It is expected that TAPC will provide letter of credit to Paramount (\$21,000), Firenze (\$10,000) and CNRL (\$10,000) in order to permit TAPC to take in kind natural gas processed through their respective facilities which would allow TAPC to market the gas through BP and hedge the production to avoid the vicissitudes of AECO pricing. Monies to fund letters of credit will have to come from cash flow when available.

TAPC has provided security for its abandonment and remediation obligations and will likely do so in the future: TAPC has on deposit \$53,913 in trust for the Alberta Energy and Utilities Board, \$124,629 in trust for the British Columbia Minister of Energy, Mines and Petroleum Resources and USD \$25,000 held by the Texas Railway Commission. It is likely CNRL will require TAPC deposit funds to secure its abandonment and remediation obligations in wells which TAPC and CNRL have working interests. The requirement, the nature of the security and the quantum of this security, if any, has not been provided by CNRL. See table above for management estimate.

The Company's financial liabilities and contractual obligations as at December 31, 2019 are due as follows:

Accounts payable and accrued liabilities	\$	197,450	Due within 90 days
Loan payable	\$	1,305,798	Due on demand

There are no drilling commitments. There are no ARO commitments other than the US and Crossfield properties. There are no lease commitments.

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Liquidity risk - TAPC's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under normal and stressed conditions without incurring unacceptable losses or risking harm to the TAPC's reputation. TAPC has to date required funds from private placements to finance capital expenditures and operations.

Commodity price risk - TAPC is exposed to oil and gas commodity price risk and has not entered any financial derivatives to manage this risk.

Interest rate risk – TAPC's exposure to interest rate risk is low.

8. Capital Resources

TAPC plans to continue financing the acquisition of assets in the Canadian Western Sedimentary Basin via issuance of shares through private placements.

9. Related Party Transactions

During the twelve month period ended December 31, 2019 TAPC was charged \$114,640 (2018 - \$122,632) by a company controlled by Gregory J. Leia, an officer and director for consulting fees. A consulting fee of \$1,000 (2018 - \$Nil) was paid to an officer and director of the company for service provided. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

TAPC entered into a LPA with Smoky and Batoche on July 31, 2017. Pursuant to the terms of the LPA, Smoky lent TAPC the sum of \$1,326,593 to make the Waskahigan Asset acquisition. All obligations owing are secured by a general security agreement charging all of the assets of the Company. The interest rate on the loan principal is 6% per annum, however this was deemed to be below the market interest rate of 15%. The fair value of the loan was calculated as the present value of the expected future cash flows of the loan at 15%, and then 15% interest is charged annually on the balance of the loan. On May 6, 2019 the loan was modified and was converted to a demand loan which was required to be shown at face value as a current liability. This resulted in a \$399,408 loss on modification of debt recorded in income as well as interest being recorded at the 6% face value rate starting at that date rather than the 15% market rate. During the twelve month period ending December 31, 2019 TAPC incurred \$97,176 (2018 – \$133,030) of interest on the loan. Gregory J. Leia is President and a director of TAPC. Gregory J. Leia is an officer and director of Smoky. Gregory J. Leia owns approx. 65% of the common shares and preferred shares of Smoky. TAPC had agreed to farmout to Batoche the Waskahigan Participation Assets on the terms and conditions set out in the Batoche Farmout Agreement. The farmout agreement was terminated.

10. Commitments

TAPC has a commitment to remediate a well site pad in Crossfield. TAPC will require approximately \$25,000 to \$30,000 to remediate the well in 2020 and the remediation will occur in 2020 provided cash flow from operations is available.

TAPC will also be plugging and abandoning the El Indio #1 well located in Texas by the spring of 2020. The estimated cost to be incurred in the next year is between US \$26,000 and US \$52,000. TAPC has approximately US \$6,800 in used oilfield equipment. It is expected that the downhole equipment and wellsite equipment will in part offset the abandonment and remediation liability. Upon abandonment and remediation, TAPC will be entitled to the return of the US \$25,000 on deposit with the Texas Railroad Commission. Any costs will have to be funded from cash flow if available.

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11. Off Balance Sheet Arrangements

The Company is not party to any off balance sheet arrangements or transactions.

12. Adoption of IFRS 16 Leases

As of January 1, 2019, the Company adopted IFRS 16 Leases, which will replace IAS 17 Leases. For lessees applying the new standard, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. Implementation had no effect on the Company's consolidated financial statements.

13. Private Placement/Options

In December 2018, the Company closed a non-brokered private placement with a company related to the President to sell 1,600,000 units at \$0.05 per unit. Each unit consisted of 1 common share and 1 common share and 1 common share purchase warrant entitling the holder to purchase 1 common share within 5 years at \$0.05 per common share.

14. Outstanding Share Data

The Company authorized share capital consists of an unlimited number of common shares without nominal or par value and an unlimited number of Preferred Shares without nominal or par value.

	Dec 31, 2019	April 15, 2020
Common shares	10,492,658	10,492,658
Over issuance	20,000	20,000
Warrants	3,600,000	1,600,000
Stock Options, Convertible to Common shares	510,000	510,000
Fully diluted	14,622,658	12,622,658

In the private placement completed March 6, 2014, in error, a subscriber who subscribed for 20,000 common shares received 2 certificates of 20,000 common shares. The Company is taking steps post year end to have the over issuance cancelled.

15. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. If the impacts of COVID-19 continue there could be further impact on the entity and its major customers, suppliers, and other third party business associated that could impact the timing and amounts realized on the Company's assets and future profitability. At this time, the full potential impact of COVID-19 on the Company is not known.