



**MANAGEMENT DISCUSSION &
ANALYSIS
AS AT AND FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

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

www.tenthavenuepetroleum.com

**TENTH AVENUE PETROLEUM CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
DECEMBER 31, 2022**

The following Management's Discussion and Analysis ("MD&A") is a review of the operational and financial results and outlook for Tenth Avenue Petroleum Corp. ("Tenth Avenue" or the "Company") for the years ended December 31, 2022, and 2021. This MD&A is dated and based on information available as of May 1, 2023, and should be read in conjunction with the audited financial statements ("Annual Financial Statements") and the notes thereto for the years ended December 31, 2022. Additional information relating to the Company is available on SEDAR at www.sedar.com and Tenth Avenue's website at www.tenthavenuepetroleum.com

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company uses certain Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures in this MD&A. Certain financial measures are also presented on a per bbl, per boe, per mcf or per share basis that results in those measures considered as Supplemental Financial Measures. For a discussion of those measures, including the method of calculation, please refer to the section titled "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" beginning on page 17. Unless otherwise indicated, all references to dollar amounts are in Canadian currency.

2021 Reorganization and Acquisition

On December 16, 2021, the Company completed a reorganization of the business which included the reconstitution of the Board of Directors and the completion of the Swan Hills Unit acquisition and Plan of Arrangement. Through the Plan of Arrangement, wholly owned subsidiaries of the Company were effectively spun out, were no longer affiliated with Tenth Avenue and have become their own separate reporting entity. There were no assets or liabilities left in the Company prior to the Swan Hills Unit acquisition.

The Swan Hills Unit acquisition closed on October 6, 2021, adding 44 boe/d (93% oil and natural gas liquids) through a non-operated interest in the Swan Hills Unit #1 and an interest in the Judy Creek Gas Plant ("Swan Hills Acquisition").

Avalon Asset Acquisition

The Company closed an acquisition of assets in Southern Alberta from Avalon Energy Ltd. on April 12, 2022 ("Avalon Acquisition"). The consideration for the Avalon Acquisition was \$2,827,547 including closing adjustments, payable with \$2,077,547 cash and the issuance of 3,000,000 common shares at \$0.25/share. The assets consisted of three 100% working interest operated conventional Mannville oil pools at Murray Lake, Hays and Bow Island that averaged 76 boe/d (97% oil and natural gas liquids) in first quarter of 2022.

Danzig Asset Acquisition

The Company closed an acquisition of assets in Southern Alberta from Danzig Resources Ltd. on September 30, 2022 ("Danzig Acquisition"). The consideration for the Danzig Acquisition was \$777,260 including closing adjustments, payable with \$417,260 cash and the issuance of 1,500,000 common shares of the Company at \$0.24/share. The assets consist of a 100% working interest in 5 wells, a 100% owned multi well oil facility at 05-21-015-25W4M and a 35% ownership in a potential gas well awaiting tie-in. As at the closing date, the assets were producing of 38 boe/d (69% oil and natural gas liquids), including 26 bbls/d of light oil.

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OPERATIONAL AND FINANCIAL HIGHLIGHTS

(\$)	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Total oil, natural gas and processing revenue	678,056	343,813	97	3,923,501	343,813	1041
Cash flow from operating activities	257,616	(37,273)	791	545,967	(37,273)	1683
Per share – basic	0.01	0.00	100	0.02	0.00	-
Per share – diluted	0.01	0.00	100	0.02	0.00	-
Adjusted funds flow ⁽¹⁾	(59,429)	51,640	(116)	653,036	51,640	1165
Per share – basic ⁽²⁾	(0.00)	0.00	-	0.02	0.00	-
Per share – diluted ⁽²⁾	(0.00)	0.00	-	0.02	0.00	-
Net Income (loss)	(2,258,883)	429,210	(626)	(2,412,275)	384,463	(727)
Per share – basic	(0.06)	0.04	(264)	(0.07)	0.03	(296)
Per share – diluted	(0.06)	0.03	(287)	(0.07)	0.03	(323)
Net surplus ⁽¹⁾	(447,949)	(23,195)	1831	(447,949)	(23,195)	1831
Capital expenditures	517,718	26,862	1827	3,338,609	26,862	11,276
Weighted average shares outstanding						
Basic	36,057,305	11,237,872	221	36,057,305	11,237,872	221
Diluted	36,547,305	12,987,872	181	36,547,305	12,987,872	181
Share Trading						
High	\$0.29	\$0.15	93	0.36	0.15	140
Low	\$0.21	\$0.04	425	0.15	0.04	275
Trading volume	4,363,076	406,100	974	14,349,551	1,007,104	1325
Average daily production						
Oil (bbls/d)	91	41	122	98	10	856
NGL (bbls/d)	7	-	100	8	-	100
Natural Gas (mcf/d)	78	17	359	55	4	1192
Total (boe/d)	134	44	205	116	11	951
Average sale prices						
Oil (\$/bbls)	71.94	90.37	(20)	102.16	90.37	13
Natural gas liquids (\$/bbls)	26.12	-	100	32.00	-	100
Natural Gas (\$/mcf)	10.35	6.11	69	7.04	6.11	15
Operating netback (\$/boe)						
Average realized sales	56.19	86.75	(35)	92.42	86.75	7
Royalty expenses	(7.55)	(20.88)	(64)	(16.30)	(20.88)	(22)
Net production and transportation expenses	(44.30)	(36.91)	20	(47.74)	(36.91)	29
Operating field netback (\$/Boe)	4.34	28.96	(85)	28.38	28.96	(2)

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Adjusted funds flow (\$/Boe)		(4.83)	13.03	(37)	15.48	13.03	19
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1. Capital Management Measure; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.
2. Non-IFRS Financial Ratio; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.

- Achieved production average of 134 boe/d in Q4/22.
- Exited the quarter with a working capital surplus of \$447,949 (see "Capital Management Measures").

CLIMATE CHANGE AND SUSTAINABILITY

Tenth Avenue continues to consider the impact of climate change and the financial and operational challenges this global event has had in 2022 and the continuing impact on the Company during the years ahead.

Climate Change

The Company has considered and continues to consider the impact of the evolving worldwide demand for carbon-based energy and global advancement of alternative energy sources. Emissions, carbon and other regulations impacting climate and climate related matters, are constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the International Sustainability Standards Board ("ISSB") was created on November 3, 2021 with the aim to develop globally consistent, comparable and reliable sustainability disclosure standards. On March 31, 2022, the ISSB issued exposure drafts IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures" and the exposure drafts are open for comment until July 29, 2022. IFRS S1 "sets out the overall requirements for disclosing sustainability-related financial information in order to provide primary users with a complete set of sustainability-related financial disclosures." IFRS S2 "sets out the requirements for identifying, measuring and disclosing climate-related risks and opportunities as part of an entity's general purpose financial reporting." The exposure drafts do not currently disclose an effective date for the application of any future sustainability standards and accordingly, the Company is not able at this time to determine the impact on future financial statements or the cost of adopting any future standards that may result from these exposure drafts. In addition, the Canadian Securities Administrators have issued a proposed National Instrument ("NI 51-107") *Disclosure of Climate-related Matters*. The cost to comply with these standards, and others, that may be developed or evolved over time, is not quantifiable at this time. Significant estimates and judgments have been made by management in the preparation of the financial statements in areas of property, plant and equipment, depletion, impairment, reserves estimates, decommissioning obligations and share capital.

Sustainability

Tenth Avenue is committed to the continued advancement of our ESG practices, including our approach to sustainability, commitments to greenhouse gas emissions management and to continued Indigenous and community partnerships in the areas where we operate.

OPERATING RESULTS

All financial and operating metrics were higher in 2022 compared to 2021 and for the quarter ended and year ended December 31, 2022, compared to the same periods in 2021. This was a result of the Company completing the Avalon Acquisition and Danzig Acquisition, described above.

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Production

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Production						
Oil (bbls/d)	91	41	122	98	10	856
NGL (bbls/d)	7	-	100	8	-	100
Natural Gas (mcf/d)	78	17	359	55	4	1192
Total (boe/d)	134	44	205	116	11	951
Percentage of oil and NGL	73%	93%	(22)	92%	93%	(1)

Average production for Q4/22 increased by 12% to 134 boe/d from 120 boe/d in Q3/22. Average production also increased by 205% to 134 boe/d in Q4/22 from 44 boe/d in Q4/21. The 205% increase in production in 2022 was related to completing the two asset acquisitions during 2022. For the year ended December 31, 2022, average production was 116 boe/d which is an increase of 951% from 11 boe/d average in 2021. The Company had a drop in the percentage of oil and NGL production in the Q4/22 due to the Danzig acquisition which included higher natural gas production as a percentage of the total.

Revenue

(\$)	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Revenue						
Oil	600,490	334,210	80	3,662,247	334,210	996
Natural gas liquids	15,819	-	100	96,124	-	100
Natural Gas	74,362	9,603	674	141,018	9,603	1368
Total	690,671	343,813	101	3,899,389	343,813	1034
Average realized price:						
Oil (\$/bbls)	71.94	90.37	(20)	102.16	90.37	13
Natural gas liquids (\$/bbls)	26.12	-	100	32.00	-	100
Combined average oil NGL (\$/boe)	68.84	90.30	(24)	96.74	90.30	7
Natural Gas (\$/mcf)	10.35	6.11	69	7.04	6.11	15
Revenue (\$/boe)	56.19	86.75	(35)	92.42	86.75	7

Revenue in Q4/22 was 690,671 or a 101 % increase from Q4/21 revenue of \$343,813. When comparing Q4/22 to Q3/22, revenue was affected by significantly wider heavy oil differentials and slightly lower benchmark WTI prices causing realized prices to decrease (to \$71.94 /bbl in Q4/22 from \$95.86 /bbl in Q3/22). As a result, revenue decreased in Q4/22 to \$690,671 from \$956,331 in Q3/22, despite higher production levels in Q4/22. Revenue on a per boe basis was down 35% in Q4/22 to \$56.19/boe compared to \$86.75/boe in Q4/21 as a result of heavy oil differentials widening significantly coupled with benchmark WTI crude oil prices decreasing in Q4/22.

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Revenue for the year ended 2022 was \$3,899,389 1034% higher than 2021 revenue of \$343,813 as a result of the 951% increase in average production over the same periods. Per boe numbers in 2021 were only reflective of production and prices received in Q4/21.

Royalties

(\$)	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Royalty expenses	92,856	82,735	12	687,730	82,735	731
\$/boe	7.55	20.88	(64)	16.30	20.88	(22)
Percent of revenue (%)	13.4%	24.1%	(44)	17.6%	24.1%	(27)

Royalty expenses as a percentage of revenue decreased 44% to 13.4% in Q4/22 from 24.1% in Q4/21 as a result of lower oil prices and new assets acquired during 2022 with differing royalty rates. The Company expects royalty expenses as a percentage of revenue will continue to fluctuate with changes to crude oil prices.

Net Production Expenses

(\$)	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Production expenses	565,867	189,803	198	2,119,956	189,803	1017
Adj: processing income	12,615	(43,512)	(129)	(24,112)	(43,512)	(45)
Less: adjustments ⁽³⁾	(33,923)	-	(100)	(81,539)	-	(100)
Total net production expenses ⁽¹⁾	544,559	146,291	295	2,014,305	146,291	1333
Total (\$/boe) ⁽²⁾	44.30	36.91	20	47.74	36.91	29

1. Non-IFRS Financial Measure; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.

2. Non-IFRS Financial Ratio; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.

3. The Company incurred bad debts expense of \$33,923 in Q4/22 and \$81,539 for the year ended 2022 relating to processing income. Although the Company is still pursuing collection, it has adjusted this calculation for comparative purposes.

Production expenses increased by 198% to \$565,867 in Q4/22 from \$189,803 in Q4/21. Net production expenses on a per boe basis were slightly lower in Q4/22 when compared to Q3/22, \$44.30 /boe and \$47.74/boe, respectively. The per boe increase in 2022 compared to 2021 is attributed to additional repair and maintenance costs of \$18.73/boe on the assets acquired during 2022, as well as inflationary pressures experienced during 2022. The Company expects net production expenses to decrease in 2023 as significant repair and maintenance work was completed in 2022 on the newly acquired assets that is not expected to recur in 2023. The Company believes these anticipated decreases in operating costs may be offset by continued effects of inflationary pressures on the industry.

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Operating Netback

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
(\$/boe)						
Average realized sales	56.19	86.75	(35)	92.42	86.75	7
Royalty expenses	(7.55)	(20.88)	(64)	(16.30)	(20.88)	(22)
Net production expenses ⁽¹⁾	(44.30)	(36.91)	20	(47.74)	(36.91)	29
Operating field netback ⁽¹⁾ (\$/boe)	4.34	28.96	(85)	28.38	28.96	(2)

1. Non-IFRS Financial Ratio; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.

Operating netbacks decreased in Q4/22 to \$4.34/boe from \$28.96/boe in Q4/21 and \$12.99 in Q3/22. This decrease in Q4/22 was driven by a combination of widening heavy oil differentials, lower commodity prices across the board and significantly higher repairs and maintenance completed during the quarter. The Company will be focused on reducing costs in 2023 after making a significant investment replacing and upgrading the pumping equipment on all of the assets purchased during 2022.

General and Administrative ("G&A") Expenses [do we not have any G&A recoveries?]

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
(\$)						
Gross G&A expenses	162,389	113,520	43	578,435	113,520	410
Net G&A expenses	162,389	113,520	43	578,435	113,520	410
Total (\$/boe)	13.21	28.64	(54)	13.71	28.64	(52)

Net G&A expenses increased by 43% to \$162,389 in Q4/22 compared to \$113,520 in Q4/21. However, net G&A expenses on a per boe basis decreased by 54% to \$13.21/boe in Q4/22 compared to \$28.64/boe in Q4/21. G&A has stayed consistent and the current quarter is on par with the annual costs per BOE as a whole. The Company currently does not capitalize any G&A costs. As production grows, the Company expects G&A on a per boe basis to decrease.

Stock-Based Compensation Expense

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
(\$)						
Total stock-based compensation	46,782	41,335	13	375,399	41,335	808
Total (\$/boe)	3.81	10.43	(64)	8.90	10.43	(15)

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Pursuant to the Company's stock option plan, the Company may grant up to an aggregate of 10% of the outstanding common shares as Options to officers, employees, directors and consultants of the Company (the "Stock Option Plan").

During the year ended December 31, 2022, the Company issued 2,940,000 stock options at an exercise price of \$0.20 compared to having 540,000 Options outstanding pre-reorganization (at a weighted average exercise price of \$0.075 per share) during the same period in 2021.

Finance Expense

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Interest on long term debt	-	2,275	(100)	4,559	4,550	-
Accretion of decommissioning obligations	24,124	3,885	521	71,918	3,885	1751
Total finance expense	24,124	1,138	2020	76,477	8,435	807
Total (\$/boe)	1.96	0.29	583	1.81	2.13	(15)

Total finance expense for the year ended December 31, 2022 was higher than the same period in 2021 due to an increase to decommissioning obligations related to the three acquisitions that resulted in an increase to accretion expenses. Interest decreased in Q4/22 compared to Q3/22 as the government loan was repaid.

Depletion, Depreciation and Amortization ("DD&A")

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
DD&A	282,020	26,904	948	687,322	26,904	2455
Total	282,020	26,904	948	687,322	26,904	2455
DD&A (\$/boe)	22.94	6.79	238	16.29	6.79	140

DD&A expenses on a per boe basis of \$22.94 /boe in Q4/22 was comparative to \$12.76/boe in Q3/22 which is due to changes in the estimated reserves from the most recent reserve report as well as increased costs to deplete from the new acquisitions. In addition to the year over year increase to DD&A, the Company determined it had indicators of impairment on all three of its producing assets at Swan Hills, Vulcan and Murray Lake resulting in a total impairment of \$1,764,964. Contributing factors include a drop in benchmark WTI crude oil prices and significantly wider differentials in Q4/22, combined with increases in operating expenses. The Company made a significant investment replacing and upgrading its pumping equipment on all its assets purchased during 2022. The Company does not anticipate having to incur these costs again in 2023.

Impairment/Impairment Reversal of Property, Plant and Equipment

The Company has considered the impact of the evolving worldwide demand for energy, global advancement of alternative sources of energy not sourced from fossil fuels, changes in heavy oil differentials and discounts to commodity prices received in Canada in its assessment of impairment and impairment reversal on its oil and gas

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properties, both as indicators of impairment and impairment reversal, and in the estimates and judgments involved in testing for impairment and impairment reversal. The estimated recoverable amount of the Company's oil and gas properties was based on proved and probable reserves, the life of which is generally less than 25 years.

At the end of each reporting period, the Company assesses whether there were indicators of impairment or reversals of prior period impairments. The recoverable amount was calculated as the fair value of the assets which was determined using a discounted cash flow approach based on the December 31, 2022, reserve evaluation of proved plus probable reserves provided by an independent reserve evaluation.

At December 31, 2022, the Company assessed whether there were indicators of impairment or reversals of prior period impairments. It was determined that there were indicators for impairment for the Swan Hills CGU. The discount rate used to determine the recoverable amount was 12% resulting in an impairment of \$971,425 (\$70,840). An increase in the discount rate of 3% would result in additional impairment of \$41,700 and a decrease in the discount rate of 2% would have decreased impairment by \$30,400.

It was determined also that there were indicators for impairment for the Murray Lake - Hays CGU. The discount rate used to determine the recoverable amount was 12% resulting in an impairment of \$571,957. An increase in the discount rate of 3% would result in additional impairment of \$233,600 and a decrease in the discount rate of 2% would have decreased impairment by \$175,700.

The Vulcan CGU also had indicators for impairment. The discount rate used to determine the recoverable amount was 12% resulting in an impairment of \$221,582. An increase in the discount rate of 3% would result in additional impairment of \$99,400 and a decrease in the discount rate of 2% would have decreased impairment by \$73,700.

Income Taxes

The Company did not pay income taxes in 2022 or 2021 as the Company had sufficient income tax deductions available to shelter taxable income. As at December 31, 2022, the Company had an unrecognized deferred income tax asset of \$4,642,000 million, up from \$4,112,000 million at December 31, 2021.

	Rate ⁽¹⁾	December 31, 2022	December 31, 2021
Canadian oil and gas property expenses (COGPE)	10%	3,920,000	1,199,000
Canadian development expenses (CDE)	30%	161,000	146,000
Canadian exploration expenses (CEE)	100%	25,000	25,000
Undepreciated capital costs (UCC) ⁽²⁾	25%	1,712,000	204,000
Share issuance costs (SIC)	5 years	159,000	-
Non-capital losses (NCL) ⁽³⁾	100%	16,510,000	17,046,000
Total available tax pools (estimate) ⁽⁴⁾		22,487,000	18,620,000

(1) The deduction rates shown represent the maximum annual deduction permitted on a declining balance basis, except for share issue costs which are deductible on a straight-line basis over 5 years.

(2) The majority of the UCC balance relates to Class 41 assets which are deductible at 25% per year.

(3) NCLs expire in years 2026 to 2041.

(4) The estimate of "available" tax pools is net of valuation allowances and excludes certain successored resource deductions inherited through acquisitions which are not expected to be available for use by The Company at this time.

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Net Income and Comprehensive Income

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Revenue	585,200	307,453	90	3,235,771	307,453	952
Expenses	2,880,069	446,287	545	5,679,473	446,287	1173
Income before other items and taxes ⁽¹⁾	(2,294,869)	(138,834)	1553	(2,443,702)	(138,834)	1685
Gain (loss)	-	527,767	(100)	-	527,767	(100)
Other income, net of other expense ⁽²⁾	35,986	(4,470)	905	31,427	(4,470)	803
Income before income taxes	(2,258,883)	384,463	(688)	(2,412,275)	384,463	(727)
Deferred income tax expense	-	-	-	-	-	-
Net income and comprehensive income	(2,258,883)	384,463	(688)	(2,412,275)	384,463	(727)
WA Shares outstanding – basic (000s)	36,057,305	11,237,872	221	36,057,305	11,237,872	221
WA Shares outstanding – diluted (000s)	36,547,305	12,987,872	181	36,547,305	12,987,872	181
Net income \$ per share – basic	(0.06)	0.03	(283)	(0.07)	0.03	(296)
Net income \$ per share - diluted	(0.06)	0.03	(309)	(0.07)	0.03	(323)

(1) The subtotal "income before derivatives, other items and taxes" is provided to supplement the discussion below. It does not have a standardized meaning under IFRS and may not be directly comparable to other issuers.

(2) Net income reported each period is impacted by other items in addition to the profit or loss generated by the Company's routine development and production operations. These other items primarily related to A&D activities are described under the heading "Other Income (Expenses)" in this MD&A.

The Company reported a net loss of \$2,258,883 (\$0.06 per share basic and diluted) for the fourth quarter of 2022, down 688% from net income of \$384,463 (\$0.03 per share basic and diluted) in the same quarter of 2021. A combination of weaker oil and natural gas prices, wider heavy oil differentials and higher operating costs offset by increased in oil production, resulted in and the Avalon and Danzig acquisitions contributed to the 90% increase in the Company's revenues, expenses and other items compared to the fourth quarter of 2021. The most significant cause of the loss in Q4/22 is the impairment charge against the value of the Company's assets.

Cash provided by operating activities and analysis of other non-GAAP measures

The Company's cash provided by operating activities was \$257,616 for the three months ended December 31, 2022, which is an increase of 791% compared to the same period in 2021 cash flow deficit of \$37,273. The change in non-cash working capital varies each period based on seasonal changes in corporate activity levels, the impact of production levels and commodity prices on accrued revenue receivable, and timing of processing payments, among other factors. In the fourth quarter of 2022, the net decrease in non-cash operating working capital of \$372,790 is primarily due to the increase in accounts payable due to significant capital projects occurring in the period.

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Adjusted Funds Flow and Net Income (Loss)

	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Cash flow from operating activities	213,496	(37,273)	573	545,967	(37,273)	1464
Transaction costs	-	47,430	(100)	79,679	47,430	68
Changes in restricted cash	55,720	-	100	55,720	-	100
Change in non-cash working capital	(328,645)	41,483	(792)	(28,330)	41,483	(68)
Adjusted funds flow ⁽¹⁾	(59,429)	51,640	(116)	653,036	51,640	1165
Per share – basic ⁽²⁾	(0.00)	0.00	-	0.02	0.00	-
Per share – diluted ⁽²⁾	(0.00)	0.00	-	0.02	0.00	-
Net income (loss)	(2,258,883)	429,210	(626)	(2,412,275)	384,463	(727)
Per share – basic	(0.06)	0.01	(626)	(0.07)	0.01	(296)
Per share – diluted	(0.06)	0.01	(626)	(0.07)	0.01	(323)

1. Capital Management Measure; See “Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures” Section of this MD&A.

2. Non-IFRS Financial Ratio; See “Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures” Section of this MD&A.

Adjusted funds flow (see “Non-IFRS Financial Measures”) and cash flow from operating activities for the year ended December 31, 2022, were higher compared to the same period in 2021. This was entirely due to an increase in revenue resulting from the Avalon Acquisition and Danzig Acquisition.

There was an adjusted funds flow (see “Non-IFRS Financial Measures”) deficit in Q3/22 of \$5,314 compared to adjusted funds flow deficit of \$59,429 in Q4/22. Both Q3/22 and Q4/22 were effected by the bad debts of \$81,539 relating to processing income earned from prior periods. Cash flow from operating activities increased by 573% to \$213,496 in Q4/22, compared to (\$37,273) in Q4/21.

The Company recorded a net loss of \$2,258,883 (\$0.06 loss per share basic and diluted) during the three months ended December 31, 2022, compared to net income of \$429,210 (\$0.01 per share basic and diluted) in the same period in 2021.

Cash used in Investing Activities and Capital Expenditures (Including Exploration and Evaluation Expenditures)

The Company completed two acquisitions during 2022 which added a second core development area (Vulcan) and built on the Southern Alberta assets through smaller tuck-in acquisitions.

The following table summarizes The Company’s Capital Expenditures during the fourth quarter and year ended December 31, 2022 and 2021. The term Capital Expenditures does not have a standardized meaning under IFRS and may not be directly comparable to measures used by other companies. The most directly comparable GAAP measure is cash used in investing activities which was \$517,574 and \$3,338,609 for the fourth quarter and year ended December 31, 2022, respectively (refer to reconciliation provided under the heading “Non-GAAP Measures and Ratios”).

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The following table summarizes capital spending, excluding non-cash items:

(\$)	Three months ended December 31			Year ended December 31		
	2022	2021	% change	2022	2021	% change
Land and seismic	-	-	-	-	-	-
Drilling and completions	16,034	1,653	870%	15,719	1,653	851
Facilities, pipeline and well equipment	501,541	25,209	1890%	828,083	25,209	3185
Capitalized G&A	-	-	-	-	-	-
Capital Expenditures, before A&D (1)	517,575	26,862	1827%	843,802	26,862	3041
Acquisitions ⁽²⁾	-	-	-	2,494,807	-	100
Dispositions	-	-	-	-	-	-
Capital Expenditures (1)(2)	517,575	26,862	1827%	3,338,609	26,862	12329

(1) Refer to "Non-GAAP Measures and Ratios" for the reconciliation to cash used in investing activities.

(2) Excludes non-cash consideration for acquisitions, refer to additional information in the "Acquisitions" table on page 33.

Total capital expenditures increased 1827% in Q4/22 to \$517,575 from in \$26,862 in Q4/21. Capital expenditures during the quarter are related to commencement of the tie-in of the natural gas well that was acquired in the Danzig Acquisition. The natural gas well commenced production on January 30, 2023.

2022 Avalon Acquisition

On March 1, 2022, the Company completed an oil acquisition for total cash consideration of \$2,077,547 and the issuance of 3.0 million Common Shares of the Company. Based upon The Company's share price of \$0.25 per common share on the date of closing, the total consideration was approximately \$2,827,547. The acquisition has been accounted for using the acquisition method based on estimated fair values using discount rates based on what a market participant would have paid.

The amounts recognized on the date of acquisition of the identifiable net assets were as follows:

	Amount
(\$)	
Net assets acquired:	
Oil and natural gas interests	4,405,801
Current assets	245,643
Decommissioning obligations	(1,823,897)
Net assets acquired	2,827,547
Purchase consideration:	
Cash consideration	2,077,547
Share consideration (3,000,000 common shares)	750,000
Total purchase consideration	2,827,547

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2022 Danzig Acquisition

On September 30, 2022, the Company completed an oil acquisition for total cash consideration of \$417,260 and the issuance of 1.5 million Common Shares of the Company. Based upon The Company's share price of \$0.24 per common share on the closing date, the total consideration was approximately \$777,260. The acquisition has been accounted for using the acquisition method based on estimated fair values using discount rates based on what a market participant would have paid.

The amounts recognized on the date of acquisition of the identifiable net assets were as follows:

	Amount
(\$)	
Net assets acquired:	
Oil and natural gas interests	1,525,283
Current assets	37,209
Decommissioning obligations	(785,232)
Net assets acquired	777,260
Purchase consideration:	
Cash consideration	417,260
Share consideration (1,500,000 common shares)	360,000
Total purchase consideration	777,260

2021 Acquisitions Swan Hills Acquisition

On December 16, 2021, the Company completed a reorganization of the business which included the reconstitution of the Board of Directors and the completion of the Swan Hills Unit acquisition and Plan of Arrangements. Through the Plan of Arrangement, wholly owned subsidiaries of the Company were effectively spun out, were no longer affiliated with The Company Avenue and have become their own separate reporting entity. There were no assets or liabilities left in the Company prior to the completion of the Swan Hills Unit acquisition.

The Company acquired the Swan Hills Unit acquisition which added 44 boe/d (93% oil and natural gas liquids) in Q4/21 through a 1.7225% non-operated interest in the Swan Hills Unit #1 and a 0.7611% interest in the Judy Creek Gas Plant, a 0.7304% interest in the Swan Hills Gas Gathering System and a 0.6033298% interest in the Freeman Lake Plant ("Swan Hills Acquisition").

	Amount
(\$)	
Net assets acquired:	
Oil and natural gas interests	1,734,451
Current assets	8,169
Decommissioning obligations	(917,620)
Net assets acquired	825,000
Purchase consideration:	
Share consideration (9,716,442 common shares)	825,000
Total purchase consideration	825,000

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Decommissioning Obligations

As at December 31, 2022, the Company's total decommissioning obligations are estimated to be \$3,259,406, of which \$Nil are expected to be settled over the next twelve months. During the year ended December 31, 2022, the total carrying amount of decommissioning obligations increased by \$2,256,770 from \$992,636 at December 31, 2021. The majority of the change is attributed to the acquisitions of assets and their associated decommissioning obligations completed during the year.

The Company is committed to environmental stewardship and has a proactive program to address its decommissioning obligations. The Company seeks to maintain an industry leading Liability Management Rating ("LMR") and to obtain a leading Licensee Capability Assessment ("LCA") rating when the industry transitions to the LCA system.

Liquidity and Capital Resources

	December 31, 2022	December 31, 2021
(\$)		
Working capital surplus ⁽¹⁾	447,949	58,645
Government loan	-	35,450
Working Capital Surplus	447,949	23,195
Quarterly adjusted funds flow	(115,174)	(78,756)
Annualized factor	4	4
Annualized adjusted funds flow	(460,696)	(315,024)
Net debt to annualized funds flow	(0.97)	(0.07)

1. Capital Management Measure; See "Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures" Section of this MD&A.

Despite the decreases in realized prices during 2022, the Company's strategy remains focused on preserving balance sheet strength. The Company strives to achieve this by managing capital spending levels as appropriate to respond to changes in realized commodity prices and corporate netbacks. The Company relies on adjusted funds flow and, if required, access to additional equity to fund its capital requirements and to provide liquidity.

During the year ended December 31, 2022, the Company's primary sources of funds were 597,316 of Adjusted Funds Flow, supplemented by working capital. The Company also received gross proceeds of \$3,116,250 from private placements and \$187,745 from cash proceeds on the exercise of stock options and warrants during the year ended December 31, 2022.

The Company had working capital surplus of \$447,949 as at December 31, 2022, compared to \$58,645 as at December 31, 2021 (see "Capital Management Measures").

Cash provided by operating activities of \$545,967 for the year ended December 31, 2022, was used to fund the Company's capital expenditures and acquisitions of \$3,338,609. The Avalon Acquisition of \$2,827,547 was funded by the non-brokered private placement of \$3,116,250 as well as the issuance of \$750,000 of common shares. The Danzig Acquisition of \$777,260 was funded by \$417,260 of cash on hand, as well as the issuance of \$360,000 of common shares.

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The Company's \$517,575 investment in capital additions during Q4/22 was funded by the Company's adjusted funds flow (see "Capital Management Measures") of \$597,316.

Depending on commodity prices, the capital-intensive nature of the Company's operations may create a working capital deficiency during periods with high levels of capital investment. The Company attempts to maintain sufficient cash on hand to satisfy such potential working capital deficiencies or may require additional equity to fund acquisition activities in excess of existing cash on hand. As at December 31, 2022, the Company had \$704,218 in cash on hand.

Long-Term Debt

As at December 31, 2022, total long-term debt was \$Nil as it was fully repaid during 2022.

Share Capital

	December 31, 2022		December 31, 2021	
	Number	Amount (\$)	Number	Amount (\$)
Balance, opening	21,129,100	13,437,123	10,512,658	12,544,623
Non-brokered private placement	12,465,000	3,116,250		
Issue of common shares – acquisition	4,500,000	1,110,000	9,716,442	825,000
Issued of common shares – Warrants exercised	700,000	52,500	900,000	67,500
Issue of common shares – Options exercised	1,050,000	78,750	-	-
Transfer on stock option exercise	-	56,495	-	-
Share issue costs	-	(198,537)	-	-
Balance, ending	39,844,100	17,652,581	21,129,100	13,437,123

		December 31, 2022	December 31, 2021
Common shares outstanding		39,844,100	21,129,100
Common shares held in treasury		-	-
Options outstanding		2,940,000	1,050,000
Warrants outstanding		6,232,500	700,000

As of May 1, 2023 the Company had 39,854,100 common shares, 2,163,000 Options and no Warrants outstanding.

Litigation

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes with partners or other stakeholders. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined to have an adverse affect on the Company's future operations or financial condition. As of year end the Company has no material litigation or claims outstanding that have not already been reflected in the Annual Financial Statements as at December 31, 2022.

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Off-Balance Sheet Arrangements

Except for the commitments and contingencies disclosed herein, the Company does not believe it has any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future impact of the Company's financial condition, results of operations, liquidity or capital expenditures.

Related Party Disclosures

a) Related party transactions

During the year ended December 31, 2022, the Company incurred \$127,468 of legal fees and \$28,490 in share issue costs to a law firm where the corporate secretary of the Company is a partner (2021 – \$Nil). Approximately \$15,548 of legal fees are included in the balance of accounts payable and accrued liabilities as at December 31, 2022 (2021 - \$Nil).

b) Key management personnel compensation

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of a company. The Company defines its key management personnel as its officers, board of directors and corporate secretary.

The following table summarizes compensation paid or payable to key management personnel during the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Consulting fees	132,500	10,000
Share based compensation (1)(2)	337,339	41,335
Total key management compensation	507,839	51,335

(1) During 2022, key management personnel were granted 2,940,000 stock options with an exercise price of \$0.20 per share.

(2) During 2021, key management personnel were granted 540,000 stock options with an exercise price of \$0.075 per share.

Non-IFRS Financial Measures, Non-IFRS Financial Ratios, and Capital Management Measures

This document contains the terms “net production expenses”, “operating netback” and “operating field netback”, which are non-IFRS financial measures, or ratios. The Company uses these measures to help evaluate The Company's performance. These non-IFRS financial measures and ratios do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. This document also contains the capital management measures of “quarterly adjusted funds flow”, “net debt”, “working capital deficiency (surplus)”, “net debt to annualized adjusted funds flow”, and “year-end net debt to trailing annual adjusted funds flow”.

Adjusted Funds Flow (Capital Management Measure) - Adjusted funds flow is calculated by taking cash-flow from operating activities on a periodic basis and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs since Tenth Avenue believes the timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the Company's operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow. Tenth Avenue uses adjusted funds flow as a key measure to demonstrate the Company's ability to generate funds to repay debt, pay dividends and fund future capital investment. Adjusted funds flow per share is

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calculated using the same weighted average basic and diluted shares that are used in calculating income (loss) per share, which results in the measure being considered a non-IFRS financial ratio. Adjusted funds flow can also be calculated on a per boe basis, which results in the measure being considered a non-IFRS financial ratio. The calculation of the Company's adjusted funds flows is summarized starting on page 11 in the section titled "Adjusted Funds Flow and Net Income (Loss)".

Net Production Expenses, Operating Netback and Operating Field Netback (Non-IFRS Financial Measures, and Non-IFRS Financial Ratios if calculated on a per boe basis) - Management uses certain industry benchmarks, such as net production expenses, operating netback and operating field netback, to analyze financial and operating performance. Net production expenses are determined by deducting processing income primarily generated by processing third party volumes at processing facilities where the Company has an ownership interest. Under IFRS this source of funds is required to be reported as revenue. Where the Company has excess capacity at one of its facilities, it will process third party volumes as a means to reduce the cost of operating/owning the facility, and as such third party processing revenue is netted against production expenses in the MD&A. Operating netback equals total petroleum and natural gas sales, including realized gains and losses on commodity and foreign exchange derivative contracts, less royalties, net production expenses and transportation expense and can also be calculated on a per boe basis, which results in them being considered a non-IFRS financial ratio. Operating field netback equals total petroleum and natural gas sales, less royalties, net production expenses and transportation expense. These metrics can also be calculated on a per boe basis. Management considers operating netback and operating field netback important measures to evaluate Tenth Avenue's operational performance, as it demonstrates field level profitability relative to current commodity prices. The calculation of the Company's netbacks can be seen starting on page 7 in the section titled "Operating Netback".

Net Debt and Working Capital Deficiency (Surplus) (Capital Management Measure) - Tenth Avenue closely monitors our capital structure with a goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors net debt as part of our capital structure. The Company uses net debt (bank debt plus senior unsecured notes plus working capital surplus or deficiency, including the fair value of cross-currency swaps, plus government loan and excluding the fair value of financial instruments, decommissioning obligations, lease liabilities and the cash award incentive plan liability) as an alternative measure of outstanding debt. Management considers net debt an important measure to assist in assessing the liquidity of the Company.

Net Debt to Annualized Adjusted Funds Flow (Capital Management Measures) - Management uses certain industry benchmarks, such as net debt to annualized adjusted funds flow, to analyze financial and operating performance. This benchmark is calculated as net debt divided by the annualized adjusted funds flow for the most recently completed quarter. Management considers net debt to annualized adjusted funds flow as a key measure as it provides a snapshot of the overall financial health of the Company and our ability to fund capital requirements, dividend payments, pay off debt and take on new debt, if necessary, using the most recent quarter's results. The calculation of the Company's net debt to annualized adjusted funds flow can be seen starting on page 14 in the section titled "Liquidity and Capital Resources".

Selected Quarterly Information				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Sales volumes				
Natural Gas (mcf/d)	78	51	52	73
Oil and NGL (bbls/d)	133	133	134	82
Average boe/d (6:1)	134	120	143	88
Product prices				
Natural gas (\$/mcf)	10.35	4.95	4.36	6.65
Oil and NGL (\$/bbl)	68.84	90.66	122.97	95.61

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Oil equivalent (\$/boe)	56.19	86.35	117.11	91.61
(\$)				
Financial results				
Gross Revenues	690,671	956,311	1,523,771	739,018
Cash provided by operating activities	257,616	270,889	149,049	(87,442)
Adjusted funds flow ⁽²⁾	(59,420)	(21,256)	1,687,151	293,619
Per share – basic	(0.00)	(0.00)	0.05	0.01
Per share – diluted	(0.00)	(0.00)	0.05	0.01
Net income (loss)	(2,258,883)	(258,766)	178,080	(72,706)
Per share – basic	(0.06)	(0.01)	0.01	(0.00)
Per share – diluted	(0.06)	(0.01)	0.01	(0.00)
Capital expenditures	517,575	72,302	250,368	3,556
Acquisitions ⁽¹⁾	-	777,260	-	2,827,547
Dispositions ⁽¹⁾	-	-	-	-
Total assets	7,068,035	8,135,825	7,389,577	9,187,954
Net debt ⁽²⁾	(447,949)	(1,162,237)	(1,633,198)	(546,800)
Decommissioning obligations	3,259,406	2,950,110	2,329,324	2,634,667

1. Includes cash and non-cash consideration.

2. Capital Management Measure; See “Non-IFRS Financial Measures, Non-IFRS Financial Ratios and Capital Management Measures” Section of this MD&A

Significant Accounting Policies

The significant accounting policies and newly adopted accounting policies applied by the Company are described in note 3 of the Annual Financial Statements as at December 31, 2022.

The International Accounting Standards Board has issued a number of new accounting standards, amendments to accounting standards and interpretations that are effective for periods beginning on or after January 1, 2023. None of the accounting pronouncements are expected to have a material impact upon initial adoption. Tenth Avenue will continue to evaluate the impact of the pronouncements which will be adopted on their respective effective dates.

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

Business Combinations

The application of the Company's accounting policy for business combinations requires management to make certain judgments under IFRS 3 Business Combinations (“IFRS 3”), to determine whether the acquired assets meet the definition of a business combination or an asset acquisition. Where an acquisition involves a group of assets and liabilities, and does not constitute a business, the acquirer must identify and recognize the individual assets acquired and liabilities assumed. The cost of the transaction is allocated to the assets acquired and liabilities assumed on their relative fair values at the date of purchase.

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Business combinations are accounted for using the acquisition method of accounting. The determination of fair value is estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation ("E&E") assets PP&E acquired generally require the most judgement and include estimates of reserves acquired, production costs, forecast benchmark commodity prices, foreign exchange rates, and discount rates. Assumptions are also required to determine the fair value of decommissioning obligations associated with the properties. Initial recognition of the fair value of deferred tax liabilities or assessment of probability to recognize deferred tax assets requires judgment. Changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill (or gain on acquisition resulting from a bargain purchase) in the acquisition equation. Future net income (loss) will be affected as the fair value on initial recognition impacts future depletion and depreciation expenses, as well as the risk of potential impairment in future periods.

Critical Accounting Estimates

Management is required to make judgments, assumptions, and estimates in applying its accounting policies which have significant impact on the financial results of the Company. The following outlines the accounting policies involving the use of estimates that are critical to understanding the financial condition and results of operations of the Company:

Oil and natural gas reserves – Proved reserves, as defined by the Canadian Securities Administrators in NI 51-101 with reference to the Canadian Oil and Gas Evaluation Handbook, are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved and probable reserves.

Carrying value of property, plant and equipment ("PP&E") – PP&E is measured at cost less accumulated depletion, depreciation, amortization, impairment losses and impairment reversals. The net carrying value of PP&E and estimated future development costs is depleted using the unit-of production method based on estimated proved and probable oil and natural gas reserves. Changes in estimated proved and probable oil and natural gas reserves or future development costs have a direct impact on the calculation of depletion expense.

The Company is required to use judgment when designating the nature of oil and gas activities as exploration and evaluation ("E&E") assets or development and production assets within PP&E. E&E assets and development and production assets are aggregated into CGUs based on their ability to generate largely independent cash inflows. The allocation of the Company's assets into CGUs requires significant judgment with respect to the use of shared infrastructure, geographic proximity, existence of active markets for the Company's products, the way in which management monitors operations and materiality.

Significant management judgments are required to analyze the relevant external and internal indicators of impairment or impairment reversal for a CGU with the estimate of proved and probable oil and natural gas reserves and the related cash flows being significant to the assessment.

The Company assesses PP&E for impairment or impairment reversal whenever events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. If any such indication of impairment or impairment reversal exists, the Company performs an impairment test related to the specific CGU. The determination of the estimated recoverable amount of a CGU is based on estimates of proved and probable oil and natural gas reserves and the related cash flows. By their nature, these estimates of proved and probable oil and natural gas reserves and the related cash flows are subject to uncertainty including significant assumptions related to forecasted oil and natural gas commodity prices, forecasted production, forecasted production costs, forecasted

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royalty costs and forecasted future development costs and the impact on the financial statements of future periods could be material.

The Company has considered the impact of the evolving worldwide demand for carbon-based energy and global advancement of alternative energy sources in its assessment of impairment and impairment reversal on its oil and gas properties, both as indicators of impairment and impairment reversal, and in the estimates and judgments involved in testing for impairment and impairment reversal. The estimated recoverable amount of the Company's oil and gas properties was based on proved and probable reserves, the life of which is generally less than 25 years. However, the ultimate period in which global energy markets can transition from carbon-based sources to alternative energy is highly uncertain. The Company will continue to monitor its estimates as the global demand for alternative energy sources continues to evolve.

Decommissioning obligations – The decommissioning obligations are estimated based on existing laws, contracts or other policies. The fair value of the obligation is based on estimated future costs for abandonments and reclamations discounted at a risk-free rate. The costs are included in PP&E and amortized over the useful life of the asset. The liability is adjusted each reporting period to reflect the passage of time, with the accretion expense charged to net earnings, and for revisions to the estimated future cash flows. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material.

Income taxes – The determination of income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

Disclosure Controls and Internal Controls over Financial Reporting

The Company has designed disclosure controls and procedures ("DCP") to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in our annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Company has designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company is required to disclose herein any change in the Company's ICFR that occurred during the recent fiscal period that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

No material changes in the Company's DCP and its ICFR were identified during the period ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. As a result, the Company's DCP and its ICFR were effective as at December 31, 2022.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute assurance that the objectives of the control system will be met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Business Risks

Tenth Avenue faces business risks, both known and unknown, with respect to its oil and gas exploration, development, and production activities that could cause actual results or events to differ materially from those

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forecasts. Most of these risks (financial, operational or regulatory) are not within the Company's control. While the following sections discuss some of these risks, they should not be construed as exhaustive. For additional information on the risks relating to Tenth Avenue's business, see "Risk Factors" in Tenth Avenue's Annual Information Form for the year ended December 31, 2022.

Continued Volatility in Commodity and Petroleum Products Prices

Tenth Avenue's financial performance is significantly dependent on the prevailing prices of crude oil, refined products and natural gas. Crude oil prices are impacted by a number of factors, including, but not limited to: global and regional supply and demand; global economic conditions including factors impacting global trade and disruption of trade routes; the actions of OPEC and other non-OPEC oil exporting nations, including, but not limited to, compliance or non-compliance with production quotas agreed upon by OPEC members or decisions by OPEC not to impose production quotas on its members; development, adoption, pricing and availability of alternate sources of energy; actions of domestic and foreign governments, regulatory bodies and quasi-regulatory bodies that may impact commodity prices; enforcement of environmental or emissions regulations; public sentiment towards the use of fossil fuels, including crude oil; political stability and social conditions in oil-producing countries; outbreak of war, including Russia's military invasion of Ukraine; market access constraints and transportation interruptions (pipeline, marine or rail); outbreak or continuation of a pandemic; terrorist threats; technological developments; the occurrence of natural disasters; and weather conditions.

Since the second half of 2021, the crude oil market has responded positively as the OPEC+ alliance unwinds cuts as part of the output recovery scheme in conjunction with a gradual global economic recovery from the COVID-19 pandemic; however, the potential for volatility in crude oil demand and supply remains. Recent surges of COVID-19 cases in China have resulted in strict policies and lockdowns in major Chinese cities intended to contain the spread of COVID-19. These policies have negatively impacted financial markets on a global scale, and continue to put further strain on global supply chains.

While the recovery in oil demand as a result of the easing of COVID-19 restrictions, combined with a prudent supply policy implemented by the OPEC+ alliance, has resulted in crude oil prices recovering to pre-pandemic levels, the extent and duration of this recovery remains uncertain. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in western Canada has led to additional downward price pressure on oil and natural gas produced in western Canada. The overall impact of these market conditions and the potential for decreased confidence in the Canadian crude oil and natural gas industry could materially and adversely affect Tenth Avenue's business, prospects, financial condition, results of operations and cash flows.

To date in 2022, global crude oil prices have risen to the highest levels since 2014 due to tight supply and a resurgence in demand, furthered by escalating military tensions in Eastern Europe following Russia's invasion of Ukraine. Beginning in November 2021, Russia began to amass troops along the Ukrainian border, heightening military tensions in Eastern Europe. In February 2022, Russia sent troops into pro-Russian separatist regions in Ukraine, as well as other major Ukrainian cities. Ongoing military tensions between Russia and Ukraine have the potential to threaten the supply of oil and gas from the region. The long-term impacts of the tension between these nations remains uncertain.

The overall result of these events and conditions could lead to a prolonged period of volatile prices for oil and other petroleum products. Price volatility could result in reduced utilization and/or the suspension of operations at certain of the Company's facilities, buyers of the Company's products declaring force majeure and disruptions of pipeline and other transportation systems for the Company's products, which would further negatively impact Tenth

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Avenue's production, and could adversely impact Tenth Avenue's business, financial condition and results of operations.

Inflation Risk

The general rate of inflation in Canada and many other countries saw a significant increase during 2021 and into the third quarter of 2022, with some regions experiencing multi-decade highs. These increases reflect imbalances between supply and demand recoveries from the pandemic. The underlying factors include, but are not limited to, global supply chain disruptions, shipping bottlenecks, labor market constraints, geopolitical instability, and side effects from monetary and fiscal expansions.

The global economic recovery remains uncertain. Prices for services and materials continue to evolve in response to fast-changing commodity markets, industry activities, supply chain dynamics, and government policies impacting operating and capital costs. Tenth Avenue closely monitors market trends and works to mitigate cost impacts in all price environments through its economies of scale in procurement, efficient project management practices, and general productivity improvements. The global economic recovery and rising inflationary trends are widely expected to result in rising interest rates. The ongoing invasion of Ukraine is another factor that could influence inflation or other parts of the Canadian and global economy. On March 2, 2022, the Bank of Canada raised its benchmark interest rate by 25 basis points for the first time since 2018, followed by further interest rate increases.

Environmental and Climate Change Risk

As a result of growing international concern in respect of climate change, Tenth Avenue has seen a significant increase in focus on the transition to alternative, lower-carbon energy sources. Governments, financial institutions, insurance companies, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to develop and implement, among other things, regulatory and policy changes, changes in investment strategies and habits, and a restructuring of energy consumption profiles, which, individually and collectively are intended to or have the effect of accelerating the transition to less carbon-intensive energy sources and the reduction in global consumption of fossil fuels. Overall, Tenth Avenue is not able to estimate at this time the degree to which climate change related consumer behaviour, regulatory, climatic conditions, and climate-related transition risks could impact the Company's business, financial condition and results of operations.

Climate change may have actual or perceived adverse impacts on the Company's operations, business, and financial results, including an increase in the frequency of extreme climatic conditions. Weather and climate affect demand for crude oil and gas, and therefore, the predictability of weather and climate affects the Company's ability to accurately forecast supply and demand. In addition, the Company's operations, including exploration, production and construction operations, and the operations of major customers, suppliers and service providers, can be affected by acute and chronic physical climate risks, such as floods, forest fires, earthquakes, hurricanes, landslides, mudslides, and other extreme weather events, natural disasters or long-term shifts in weather patterns. This may result in cessation or diminishment of production, delay of exploration and development activities or delay in executing the Company's capital expenditure plans, which may require the Company to adopt increased or additional mitigation requirements.

Growing concerns over climate change have also led to an increase in climate and environment-centric disputes and litigation in various jurisdictions, including at the Federal and Provincial level, alleging various claims and registering complaints, including that energy producers contribute to climate change, that such entities are not reasonably managing business risks associated with climate change, and that such entities have not adequately disclosed business risks of climate change. While many such climate change related actions are in preliminary stages of litigation, and in some cases raise novel or untested issues and causes of action, the risk that legal, societal, scientific and political developments will increase the likelihood of successful climate change related litigation against energy

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producers remains uncertain. The outcome and ramifications of any such litigation is uncertain and may materially impact the Company's business, financial condition or results of operations. The Company may also be subject to negative or damaging publicity associated with such matters, which may adversely affect the public sentiment and the Company's reputation, regardless of whether the Company is ultimately found responsible for claims alleged. We may be required to incur significant expenses or devote significant resources in defense against any such litigation.

Financial Risks

Financial risks include commodity pricing, exchange and interest rates and volatile markets. Commodity price fluctuations result from market forces completely out of the Company's control and can significantly affect the Company's financial results. In addition, fluctuations between the Canadian dollar and the US dollar can also have a significant impact. Expenses are all incurred in Canadian dollars while oil, and to some extent natural gas, prices are based on reference prices denominated in US dollars. Due to both of these factors, Tenth Avenue may enter into derivative instruments to partially mitigate the effects of downward price and foreign exchange volatility. To evaluate the need for hedging, management, with direction from the Board of Directors, monitors future pricing trends together with the cash flow necessary to fulfill capital expenditure requirements. Tenth Avenue will only enter into a hedge to reduce downside uncertainty of pricing, not as a speculative venture.

Operational Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Tenth Avenue depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, existing reserves and their subsequent production will decline over time as they are exploited. A future increase in Tenth Avenue's reserves will depend not only on its ability to explore and develop any properties it may have, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that further commercial quantities of oil and natural gas will be discovered or acquired by Tenth Avenue.

Tenth Avenue endeavors to mitigate these risks by, among other things, ensuring that its employees are highly qualified and motivated. Prior to initiating capital projects, Tenth Avenue's technical team completes an economic analysis, which attempts to reflect the risks involved in successfully completing the project. In an effort to mitigate the risk of not finding new reserves, or of finding reserves that are not economically viable, Tenth Avenue utilizes various technical tools, such as 2D and 3D seismic data, rock sample analysis and the latest drilling and completions technology.

Insurance is in place to protect against major asset destruction or business interruptions, and includes, but is not limited to, events such as well blow-outs or pollution. In addition, Tenth Avenue cultivates relationships with its suppliers in an effort to ensure good service regardless of the prevailing cycle of oil and gas activity.

Operational risk is mitigated by having Tenth Avenue employees address the continued development of a new or established reservoir on a go-forward basis, using the same procedure that is used to address exploration risk. The decision to produce reserves is made based on the amount of capital required, production practices and reservoir quality. Tenth Avenue evaluates reservoir development based on the timing, amount of additional capital required and the expected change in production values. Finding and development costs are controlled when capital is employed in a cost-effective manner.

Regulatory Risks

Regulatory risks include the possibility of changes to royalty, tax, environmental, safety, and public disclosure and reporting legislation. Tenth Avenue endeavours to anticipate the costs related to compliance and budget sensibly

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for them. Changes to environmental and safety legislation may also cause delays to Tenth Avenue's drilling plans, its production efficiencies and may adversely affect its future earnings. The Company's exploration and production activities emit greenhouse gases ("GHG") which may require Tenth Avenue to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on Tenth Avenue's business, financial condition, results of operations and prospects. Restrictive new legislation is a risk the Company cannot control.

The ISSB is expected to develop globally consistent, comparable and reliable standards for disclosing and reporting ESG and climate-related metrics. On March 31, 2022, the ISSB issued exposure drafts IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate related Disclosures" and the exposure drafts are open for comment until July 29, 2022. IFRS S1 "sets out the overall requirements for disclosing sustainability-related financial information in order to provide primary users with a complete set of sustainability-related financial disclosures." IFRS S2 "sets out the requirements for identifying, measuring and disclosing climate-related risks and opportunities as part of an entity's general purpose financial reporting." The exposure drafts do not currently disclose an effective date for the application of any future sustainability standards and accordingly, the Company is not able at this time to determine the impact on future financial statements or the cost of adopting any future standards that may result from these exposure drafts. In addition, the Canadian Securities Administrators have issued a proposed NI 51-107 Disclosure of Climate-related Matters. The cost to implement and comply with these standards, and others, that may be developed or evolved over time, has not yet been quantified.

Unit Cost Calculation

For the purpose of calculating unit costs, natural gas volumes have been converted to a boe using six thousand cubic feet equal to one barrel, unless otherwise stated. A boe conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion complies with the Canadian Securities Administrators' National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Boe may be misleading, particularly if used in isolation.

Abbreviations

AECO	Natural gas storage facility located at Suffield, AB
bbbl	Barrel
bbbl/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
CGU	cash-generating unit
DTH	dekatherm
GJ	Gigajoule
IFRS	International Financial Reporting Standards
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmbtu	one million British thermal units
NGL	natural gas liquids
WCS	Western Canadian Select
WTI	West Texas Intermediate

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Forward-Looking Statements

Certain statements contained within this MD&A constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “budget”, “plan”, “endeavour”, “continue”, “estimate”, “evaluate”, “expect”, “forecast”, “monitor”, “may”, “will”, “can”, “able”, “potential”, “target”, “intend”, “consider”, “focus”, “identify”, “use”, “utilize”, “manage”, “maintain”, “remain”, “result”, “cultivate”, “could”, “should”, “believe”, “strive” and similar expressions or the negative of such terms or other comparable terminology. The Company believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Without limitation, this MD&A contains forward-looking statements pertaining to:

- the intentions of management and the Company;
- the Company's commitment to maintaining financial flexibility and liquidity;
- the Company's business strategy, objectives, strength and focus, including with respect to acquisitions;
- the effects of the Company's acquisitions on the Company's strategy, land holdings and profitability, including, but not limited to, the Swan Hills acquisition, the Avalon acquisition, and the Danzig acquisition;
- the COVID-19 pandemic, the Company's and governmental authorities' current and planned responses thereto and the impact thereof on, without limitation, the Company in particular, including the Company's capital expenditure plans, and the oil and gas industry in general;
- uncertainty regarding the full impact of COVID-19 on global economies and oil demand and commodity prices, including the effects of recent outbreaks of COVID-19 in China;
- the timing of full economic recovery related to the COVID-19 pandemic;
- the impacts on the Company of the military conflict between Russia and Ukraine;
- applications and grants under the Alberta Site Rehabilitation Program (“SRP”), the Federal Emissions Reduction Fund (“ERF”), the Alberta Methane Technology Information Program (“MTIP”), including estimates of expected funding, and repayment timing thereof, as applicable;
- the Company's commitment to advancing ESG practices, managing greenhouse gas emissions and to continued Indigenous and community partnerships in the areas where it operates;
- the potential impact of ESG disclosure and reporting policies and standards imposed by the ISSB and proposed NI 51-107;
- expectations regarding the estimated recoverable amount of the Company's oil and gas properties, royalty rates as a percentage of revenue, and committed capital spending to develop the GORR lands and timing thereof;
- expectations relating to future realized commodity prices, volatile commodity prices, royalty rates and oil price differentials and the effects thereof, including with respect to revenue, earnings and stability to oil pricing;
- the Company's diversification strategy, including the Company's third-party gas sales contracts, and the effects thereof on risk mitigation, price exposure and realized price improvements;
- the Company's plans in respect of returns of capital, including base dividend and enhanced return programs;
- expectations relating to cash tax, tax pools, and deferred tax assets, including in respect of deferred income tax;
- contractual obligations and commitments;
- estimates used to calculate decommissioning obligations and depletion of PP&E; and
- the Company's expectations regarding inflation and interest rates. With respect to the forward-looking statements contained in this MD&A, Tenth Avenue has made assumptions regarding, among other things:
- future commodity prices, price differentials and the actual prices received for the Company's products;

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- expected net production expenses and transportation expenses;
- estimated proved and probable oil and natural gas reserves;
- the effects of heavy volume apportionment and fluctuating diluent costs on the heavy oil market in Alberta;
- the ability to obtain equipment and services in the field in a timely and efficient manner;
- the ability to add production and reserves through acquisition and/or drilling at competitive prices;
- the timing of anticipated future production additions from the Company's properties and acquisitions;
- the realization of anticipated benefits of acquisitions, including the acquisitions and the related drilling programs;
- the ability to explore and realize benefits from exposure to diversified gas markets;
- drilling results, including field production rates and decline rates;
- the performance of the waterflood projects;
- the continued application of horizontal drilling and fracturing techniques and pad drilling;
- the continued availability of capital and skilled personnel;
- the ability to obtain financing on acceptable terms;
- the accuracy of Tenth Avenue's geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation;
- the impact of increasing competition;
- the ability of the Company to secure adequate product transportation;
- the ability to enter into future commodity derivative contracts on acceptable terms;
- the continuation of the current tax, royalty and regulatory regime;
- the volatility in commodity prices and oil price differentials and the resulting effect on Tenth Avenue's revenue, cash provided by operating activities, adjusted funds flows and earnings;
- the actions of OPEC and non-OPEC oil and gas exporting countries to set production levels and the influence thereof on oil prices and global demand;
- the ability to adjust capital spending relative to commodity prices and use financial derivatives and physical delivery contracts to manage fluctuations in commodity prices, foreign exchange rates and interest rates;
- the ability to maintain financial flexibility;
- Tenth Avenue's ability to execute its plans in response to the COVID-19 pandemic; and
- the impact of inflation on costs and interest rates.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated or implied by such forward-looking statements due to a number of factors and risks. These include:

- the material uncertainties and risks described under the headings "Unit Cost Calculation", "Non-IFRS Financial Measures", "Critical Accounting Estimates", "Disclosure Controls and Internal Controls over Financial Reporting", "Business Risks", "Financial Risks", "Operational Risks" and "Regulatory Risks";
- the material assumptions and observations described under the headings "Operational and Financial Highlights", "COVID-19 Response", "Sustainability", "Production", "Petroleum and Natural Gas Sales", "Royalties", "Net Production Expenses", "Transportation Expense", "Operating Netback", "General and Administrative ("G&A") Expenses", "Stock-Based Compensation Expense", "Finance Expense", "Depletion, Depreciation and Amortization ("DD&A")", "Impairment (Impairment Reversal) of Property, Plant and Equipment", "Income Taxes", "Adjusted Funds Flow and Net Income (Loss)", "Capital Expenditures (Including Exploration and Evaluation Expenditures)", "Acquisitions and Dispositions", "Share Capital", "Liquidity and Capital Resources", "Bank Debt", "Commitments", "Contingency" and "Selected Quarterly Information";
- the COVID-19 pandemic and the impact on the Company's business, financial condition and results of operations;

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- the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production and including continued weakness and volatility in commodity prices and petroleum product prices;
- the actions of OPEC and non-OPEC oil and gas exporting countries to set production levels and the influence thereof on oil prices and global demand;
- delays or changes in plans with respect to exploration or development projects or capital expenditures;
- volatility in market prices for oil and natural gas;
- uncertainties associated with estimating proved and probable oil and natural gas reserves and the ability of the Company to realize value from its properties;
- geological, technical, drilling and processing problems;
- facility and pipeline capacity constraints and access to processing facilities and to markets for production;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- credit worthiness of counterparties to commodity, foreign exchange and interest rate contracts;
- marketing and transportation;
- prevailing weather and break-up conditions;
- environmental risks;
- competition for, among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel;
- net production costs, transportation costs and future development costs;
- the ability to access sufficient capital from internal and external sources;
- changes in tax, royalty and environmental legislation and any government policy;
- any legal proceedings, the results thereof and the impact on the Company's business, financial condition and results of operations;
- changes in the political landscape, both domestically and abroad; and
- increased operating and capital costs due to inflationary pressures (actual and anticipated).

Readers are cautioned that the foregoing list of risk factors is not exhaustive. The risk factors above should be considered in the context of current economic conditions, increased supply resulting from evolving exploitation methods, the attitude of lenders and investors towards corporations in the energy industry, potential changes to royalty and taxation regimes and to environmental and other government regulations, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are outside the control of the Company. Also, to be considered are increased levels of political uncertainty and possible changes to existing international trading agreements and relationships. Legal challenges to asset ownership, limitations to rights of access and adequacy of pipelines or alternative methods of getting production to market may also have a significant effect on the Company's business. Additional information on these and other factors that could affect the business, operations or financial results of Tenth Avenue are included in reports on file with applicable securities regulatory authorities, including but not limited to Tenth Avenue's Annual Information Form for the year ended December 31, 2022, which may be accessed on Tenth Avenue's SEDAR profile www.sedar.com or on the Company's website at www.tenthavenuepetroleum.com

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Tenth Avenue's prospective results of operations, production, free funds flow, net debt, net debt to annualized adjusted funds flow, corporate decline rates, royalty rates and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumptions outlined under "Non-IFRS Financial Measures, Non-IFRS Financial Ratios, and Capital Management Measures", and should not be used for purposes other than those for which it is disclosed herein. Tenth Avenue and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, Tenth Avenue's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future activities or results.

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The forward-looking statements and FOFI contained in this MD&A, as defined by Canadian securities legislation, are approved by management as of the date hereof and Tenth Avenue undertakes no obligation to update publicly or revise any forward-looking statements, forward-looking information or FOFI whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements and FOFI contained herein are expressly qualified by this cautionary statement.