# Tenth Avenue Petroleum Signs Letter of Intent to Acquire 82 boe/d and Launches $1.7 Million Financing

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CALGARY, October 3, 2024 - NOT FOR DISTRIBUTION IN THE UNITED STATES OR DISSEMINATION IN THE UNITED STATES

Tenth Avenue Petroleum Corp. ("TPC" or the "Company") (TSXV:TPC) is pleased to announce that the Company has signed a non-binding Letter of Intent ("LOI") to acquire (the "Acquisition") approximately 82 boe/d (492 mcf/d) of low decline, long-life producing natural gas assets located north east of Brooks, Alberta from an arm's length party.

The Company is also pleased to announce a non-brokered private placement of up to 17,000,000 units ("Units") of the Company, at an offering price of $0.10 per Unit, with each Unit being made up of one common share and one-half (1/2) common shares purchase warrant ("Warrant") for gross proceeds of up to C$1,700,000 (the "Offering"). Closing of the Offering is expected to occur on or about October 25, 2024.

KEY ACQUISITION HIGHLIGHTS

- Increase scale and efficiency. The Acquisition is a non-operated interest and is expected to add approximately 82 boe/d[1] (492 mcf/d) of natural gas production, increasing production by approximately 88%, while providing an attractive land and inventory base to support future growth opportunities. The Company will benefit from economies of scale as these assets can be integrated without an increase to general and administrative expenses.
- Low decline production base. Annual base production decline of approximately 8% with long-life proved reserves.
- Expanding operating area in Southern Alberta. The Acquisition further expands our multi-zone development, exploration and optimization opportunities in Southern Alberta, adding approximately 32.23 gross (15.67 net) sections of contiguous lands.
- Accretive transaction. The Acquisition is expected to be immediately accretive on key metrics, including 64% higher on production per share basis[3], enhanced funds flow and increased future reserves.
- Future Production Additions. Approximately 250 mcf/d of low-risk production additions, currently behind pipe due to egress issues.

1. Acquisition is based on estimated production of acquired production 82 boe/d (100% gas).
2. Specified financial measure that does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and may not be comparable with the calculation of similar measures presented by other entities. Refer to the Specified Financial Measures section in this press release for further information.
3. Production per share assumes the full Offering of 17M shares will be issued in addition to those issued in the Acquisition, resulting in approximately 56.9M shares issued and outstanding (post Offering and Acquisition).

"This Acquisition of two non-operated Units (49% working interest) and 8 non-unit wells (25% working interest) is comprised of low decline natural gas production currently producing from the Milk River, Second White Specs and Medicine Hat zones. The Acquisition provides multi-zone upside over 32.23 gross (15.67

net) section of contiguous land at Patricia and Dinosaur areas located northeast of Brooks, Alberta. These areas have seen significant drilling and M&A activity with operators targeting the Mannville formation, developing the play with horizontal exploitation of vertically defined targets to identify high-porosity channels with large original oil in place ("OOIP"). Recent high-intensity completion technology has unlocked the full Basal Quartz stack resulting in wells paying out in less than six months with production IP30 rates in the ranging from 400 to 800 bbls/d. Field infrastructure with gas egress to allow for uninterrupted production growth adjacent to natural gas sales receipt point is key to low-cost development in the general area as the Company looks to further expand its presence and support its existing operations in the Hays area.

"Along with the Acquisition, the Company plans to expand its Mannville waterflood development at Murray Lake, these activities are integral parts of our commitment to value creation to our shareholders." said Cameron MacDonald, President and Chief Executive Officer of the Company. Assuming closing of the Acquisition and positive waterflood development at Murray Lake, the Company will increase production by 88% to approximately 175 boe/d[(1)], increase proved developed and producing reserves, while adding future multi-zone exploration and development drilling opportunities . The Acquisition is countercyclical to current AECO prices, improves our flexibility of capital allocation through future commodity cycles, expands our exploration and development inventory while further increasing our corporate production base and associated reserves. There are no finder's fees due as part of the Acquisition.

Proceeds of the Offering will be used to partially finance the Acquisition, accelerate the Company's infrastructure development plan at Murray Lake and for general working capital purposes. Based on the results of increased water injection rates at the 5-36 horizontal injection well at Murray Lake, the Company plans to increase its water handling & injection capacity at its main 7-36 treating facility. The Company will replace its high-pressure injection line going from the 7-36 treating facility to the 10-36 main injection header, which will further increase injection capacity at both the 5-36 horizonal and 5-31 vertical injection wells.

The Murray Lake Mannville "A" Pool has approximately 8.9 million barrels (Mbbls) of original oil in place ("OOIP"). The Company believes increased water injection in the north end of the pool, will lead to higher recovery factors beyond the existing ~9% recovered to date. The Company plans to commission an independent reservoir simulation that may lead to positive reserve additions as the most recent independent reserve report dated December 31, 2023, does not have any recovery benefits from the current voidage replacement program. This increase in injection capability will allow the Company to increase its current voidage replacement, accelerating pressure support, which the Company believes may lead to recovery of an additional 5-10% of OOIP and lead to an increase of approximately 20-40 bbls/d of oil production in the pool over time.

The purchase price for the Acquisition is $50,000 and will be provided to the vendor through the issuance of Common Shares of the Company (defined below) to be calculated and finalized at closing and in compliance with the TSX Venture Exchange policies.

Closing of the Acquisition is expected to occur on or about October 31, 2024, and is subject to customary conditions, including the closing of the Offering and approval of the TSX Venture Exchange.

THE OFFERING

The Offering is comprised of Units, with each Unit consisting of one common share ("Common Share") of the Company and one-half (1/2) of one Common Share purchase warrant ("Warrant"). Each Warrant is exercisable into one Common Share at a price of $0.15 per Common Share at any time within 12 months following the date of issuance of the Warrant. The Company has the right to force conversion of the Warrants, if at any time from and after the date of issuance, the daily volume-weighted average trading price of the Company's Common Shares on the TSV Venture Exchange, equals or exceeds $0.20 for ten (10) consecutive trading days.

The Offering will include an up to 20% over-allotment option, exercisable by the Company, which if fully exercised equates to an additional 3,400,000 Units and an additional $340,000 ("Greenshoe"). If the Greenshoe is fully exercised, the total proceeds of the Offering will be an aggregate of 20,400,000 Units for gross proceeds of $2,040,000.

There is no minimum number of Units or minimum aggregate proceeds required to close the Offering and the

Company may, at its discretion, elect to close the Offering in one or more tranches.

The Company may pay a finder's fee on the Offering. Closing of the Offering is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals and approval from the TSX Venture Exchange. All securities issued in connection with the Offering will be subject to a statutory hold period of four months plus a day from the closing of the Offering in accordance with applicable securities legislation.

The net proceeds of the Offering will be used by the Company, partially for the Acquisition, infrastructure and expanding development plan at Murray Lake, with any remaining balances to be used for future acquisitions and general corporate purposes.

There is no material fact or material change of the Company that has not been disclosed.

The Offering will be conducted on a private placement basis pursuant to applicable and available prospectus exemptions.

The Offering remains subject to approval by the TSX Venture Exchange.

None of the securities issued in connection with the Offering will be registered under the United States Securities Act of 1933, as amended (the "US Securities Act"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there by any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

All dollar amounts are stated in Canadian dollars.

ANNUAL GENERAL MEETING

The Company is also pleased to announce that it has filed a notice to hold an annual general meeting of shareholders to be held on November 27, 2024.

A management information circular ("Circular") containing information about the Company's annual meeting matters, including the presentation of the audited financial statements, election of directors, appointment of the Company's auditors and re-approval of the Company's stock option plan will be mailed to shareholders of the Company on the record date and will include these items.

An updated corporate presentation can be found at www.tenthavenuepetroleum.com

For further information please contact:

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About Tenth Avenue Petroleum Corp.

Tenth Avenue Petroleum Corp. is a junior oil and gas exploration and production company with operations in Alberta.

Forward-looking Information and Statements

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance. 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 "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of the COVID-19 pandemic on the Company's business and operations (and the duration of the impacts thereof). the inability of the Company to meet its commitments on its lands or on the lands it may acquire, the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves, changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits the Company will derive from them. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The forward-looking statements in this news release are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements. Investors are encouraged to review and consider the additional risk factors set forth in the Company's continuous disclosure documents which are available on SEDAR at www.sedar.com.

Oil and Gas Advisories

Meaning of Boe

The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

Reserves Estimates

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Non-GAAP Measurements

The Company utilizes certain measurements that do not have a standardized meaning or definition as prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures by other entities, including but not limited to operating netback, cash flow and working capital. Readers are referred to advisories and further discussion on non-GAAP measurements contained in the Company's continuous disclosure documents. Operating netback is a non?GAAP measure calculated as the average per boe of the Company's oil and gas sales, less royalties and operating costs.

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE: Tenth Avenue Petroleum Corp.

View the original press release on accesswire.com