

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|---|--|-----------------------------|
| 1 Issuer's name Canvas Energy Inc. | | 2 Issuer's employer identification number (EIN) 73-1590941 | |
| 3 Name of contact for additional information Josh Kerbo | 4 Telephone No. of contact (405) 426-4301 | 5 Email address of contact josh.kerbo@canvasenergy.com | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 4700 Gaillardia Parkway, Ste 200 | | 7 City, town, or post office, state, and ZIP code of contact Oklahoma City, OK 73142 | |
| 8 Date of action June 17, 2024 | | 9 Classification and description Distribution on common stock | |
| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On June 17, 2024, Canvas Energy Inc. ("Canvas" or "Issuer") made a cash distribution of \$ 9.70 per share to common shareholders of record as of June 10, 2024.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The distribution per share was \$9.70. \$4.07 per share is estimated to be a taxable dividend (with no effect on tax basis). The remaining \$5.63 per share is treated as a reduction in the stock basis in each share. To the extent the tax basis in a share is less than \$5.63 per share, the excess over the basis in that share is expected to be recognized as capital gain.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ When a cash distribution (or the distribution of property) is made by a corporation, it is treated as a taxable dividend to the extent of the current and accumulate earnings and profits ("E&P") of the corporation at the date of the distribution or, in certain cases, at the end of the tax year in which the distribution was made. In order to determine what portion of this cash distribution should be treated as a taxable dividend versus return of capital/capital gain, Canvas completed an updated computation of E&P as of December 31, 2023, with an estimate of the current year E&P for the year ending December 31, 2024. According to this computation, Canvas had approximately \$4.07 of E&P per outstanding share of stock. As a result, the distribution of \$9.70 per share resulted in a dividend of \$4.07 per share (with no effect on basis) and a reduction in basis of up to \$5.63 per share.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

Section 316 - Dividend defined

Section 317 - Property defined

Section 301 - Distribution of property

Section 312 - Effect on earnings and profits

Reg. Section 1.1502-33

Other section further defining adjustments to E&P that are not contained in section 312

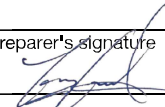
18 Can any resulting loss be recognized? ▶ The distribution would not create a loss. The reduction to shareholders' basis may affect the amount of gain or loss realized on the future sale of shares.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The adjustment to basis would be taken into account in the tax year of the shareholder during which the distribution was received (e.g. 2024 for calendar year taxpayers).

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Josh Kerbo Date ▶ 01/06/2025

Print your name ▶ Josh Kerbo Title ▶ VP, Controller

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|-------------------------------|---------------------------------------|---|-----------------|---|---------------------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | <u>William Trey Cornelius</u> |  | <u>12/27/24</u> | | <u>P01516967</u> |
| | Firm's name ▶ <u>Deloitte Tax LLP</u> | Firm's address ▶ <u>1111 Baby St. Ste 4500, Houston, TX 77002</u> | | Firm's EIN ▶ | <u>86-1065772</u> |
| | | | | Phone no. | <u>713-982-2000</u> |