

STATUS UPDATE RE: STATE OF MARYLAND INQUIRIES

On September 22, 2022, North Texas Energy (NTE) received communication from the State of Maryland regarding the company's sale of its registered securities pursuant to an effective registration dated March 31, 2013. NTE has no NEXUS in Maryland. The company has issued some of its equity securities to residents of Maryland pursuant to the **effective registration** statement in 2013 and subject to Statutory Exemptions in accord with the provisions of Regulation D of the Securities Act.

The State of Maryland's inquiry centered on NTE not completing registration or exemption documents in accordance with the Maryland Securities Code. No assertions of fraud or any other violation were alleged. However, NTE has asserted that regardless of the State of Maryland's capricious and arbitrary claims, NTE is entitled to rely on the fact that it had only issued securities to Maryland residents subject to the Effective Registration Statement of March 2013 and subsequent claimed exemptions provided by the Securities and Exchange Commission's (SEC) Regulation. NTE asserts that their reliance on the superiority of its SEC registration and exemptions is the controlling regulation in the matter regarding the State of Maryland. The statute of limitations for actions under the Maryland Securities Act (also known as the "Blue Sky Law") is three years from the date of the alleged violation. This applies to claims under both Sections 11-503 and 11-703 of the Maryland Securities Act. Further, NTE asserts that the State of Maryland failed to act prior to the time tolled with no action initiated.