



**Part II** Organizational Action *(continued)*

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

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**18** Can any resulting loss be recognized? ▶ SEE ATTACHMENT

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHMENT

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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.

**Sign Here**

Signature ▶  Date ▶ MAY 28, 2023

Print your name ▶ **FRANK KRISTAN** Title ▶ **PRESIDENT**

**Paid Preparer Use Only**

|                            |                      |      |   |      |
|----------------------------|----------------------|------|---|------|
| Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| Firm's name ▶              |                      |      | Firm's EIN ▶                                    |      |
| Firm's address ▶           |                      |      | Phone no.                                       |      |

Houston Natural Resources Corp  
EIN: 47-2600481

ATTACHMENT TO FORM 8937 – PART II  
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

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***CONSULT YOUR TAX ADVISOR***

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). This attachment includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of shares of Houston Natural Resources Corp (“HNRC”) common stock, and the allocation of tax basis among shares of HNRC common stock and Worldwide Diversified Holdings, Inc. (“WDHI”) common stock following the Distribution (as defined below). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither HNRC nor WDHI provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisers when establishing their specific tax position. You are urged to consult your own tax advisers regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state, local and foreign tax laws. We urge you to read the Registration Statement on Form 10, including the Information Statement, originally filed by WDHI with the Securities and Exchange Commission on June 30, 2023. You may access the Information Statement at [www.sec.gov](http://www.sec.gov).

**Line 14. Describe the organizational action and, if applicable, the date of the action or date against which shareholders’ ownership is measured for the action.**

On May 28, 2023, after the close of trading on OTC Markets Group, Inc pursuant to the terms and conditions of the Separation and Distribution Agreement dated as of May 28, 2023, as amended, by and among HNRC and WDHI, HNRC distributed to its shareholders on a pro rata basis approximately 83 percent of its shares of WDHI common stock (the “Distribution”). Pursuant to the Distribution, each holder of record of HNRC common stock received one share of WDHI common stock for every two shares of HNRC common stock held on April 26, 2023, the record date for the Distribution. The Distribution is intended to qualify as tax-free under Section 355 of the Code.

**Line 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.**

As a result of the Distribution, HNRC shareholders will be required to allocate the aggregate tax basis in their HNRC common shares held immediately prior to the Distribution among the WDHI

common shares received in the Distribution and their HNRC common shares held immediately after the Distribution. This allocation should be made in proportion to the relative fair market values of the HNRC common stock and WDHI common stock. Shareholders that acquired HNRC common shares at different times or different prices will need to calculate their tax basis in each block of HNRC common stock and then allocate a portion of that tax basis to the shares of WDHI common stock received.

U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the HNRC common stock and WDHI common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

**Line 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 date.**

The following is an illustrative example of how the basis allocation would be applied:

Assumptions:

- Shares of HNRC common stock owned immediately prior to the Distribution: 10,000
- HNRC shareholder’s aggregate tax basis (assumed to be \$0.38 per share): \$3,800.
- Shares of WDHI common stock received in the Distribution (5,000 shares of HNRC common stock multiplied by the distribution ratio of 1:2): 5,000.

Tax Basis Allocation Illustration:

|                   | # Shares Owned (A)  | Beginning Tax Basis (B) | Price (C)           | FMV of Shares Owned Post Distribution (A) x (C) | % of Total FMV (D)   | Allocated Tax Basis (B) x (D) |
|-------------------|---------------------|-------------------------|---------------------|---|----------------------|-------------------------------|
| HNRC Common Stock | 10,000 <sup>1</sup> | \$3,800 <sup>2</sup>    | \$0.38 <sup>3</sup> | \$3,800.00                                      | 100.00% <sup>5</sup> | \$3,800.00                    |
| WDHI Common Stock | 5,000               |                         | \$0.00 <sup>4</sup> | \$0.00  | 0.00% <sup>6</sup>   | \$0.00                        |
| Total             |                     |                         |                     | \$3,800.00                                      | 100.00%              | \$3,800.00                    |

<sup>1</sup> Number of HNRC common shares owned immediately prior to the Distribution.

<sup>2</sup> Aggregate basis in the HNRC common stock owned immediately prior to the Distribution.

<sup>3</sup> Opening market price of HNRC common stock on April 26, 2023.

<sup>4</sup> The market price of WDHI common stock on April 26, 2023 is -0- as it had not traded yet

<sup>5</sup> \$3,800.00 / \$3,800.00.

<sup>6</sup> \$0.00 / \$3,800.00.

**Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

Section 355, Section 358, and Section 368(a)(1)(D).

**Line 18. Can any resulting loss be recognized?**

No loss may be recognized by a HNRC shareholder upon receipt of WDHI common stock in the Distribution.

**Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The Distribution was effective on May 28, 2023. For a HNRC shareholder whose taxable year is the calendar year, the reportable tax year is 2023.