



Avila Energy Corporation is pleased to announce the Company's acceptance of an initial Financing Commitment of U.S. \$10 Million in Convertible Debentures and Provides Update

Calgary, Alberta, June 9, 2023 – Avila Energy Corporation (“Avila” or the “Company” or “Avila Energy”), trading symbol “CSE:VIK.CN”, is pleased to announce the Company’s acceptance of an initial financing commitment of U.S. \$10 Million in Convertible Debentures and provides update.

The Company over the course of the past 2 months after completing a series of meetings with qualified parties for the financing of up to U.S. \$35,000,000 in Convertible Debentures as part of its refocused plan on the balanced development of its assets in Alberta in 2023 in parallel to the development of its Vertically Integrated Energy Business has come to a decision.

Furthermore, taking into consideration the recent announcements from GM and Tesla; “GM CEO Mary Barra announced on Thursday that the company will also adopt the use of Tesla's charging network, giving drivers more options. Barra said during a Twitter Spaces audio conversation with Tesla CEO Elon Musk that electric vehicle drivers will be able to use its adapters that will be available in the spring 2024 and charge from Tesla's network. ⁽¹⁾” This news confirms one of Avila Energy’s target markets, EV charging:

“Today was an interesting day, first Ford⁽¹⁾ and now GM”, said Leonard B. Van Betuw President & CEO, “It is now becoming evident that major auto manufacturers are now coming to realize, what was being taken into consider Avila Energy Corporation for more than 5 years; prior to the majority of consumers being able to participate in the transition to Electric Vehicles “EVs” their must be both affordable and accessible electricity that is not dependant on third (3rd) party infrastructure will be in high demand”.

Avila Energy wishes to continue to emphasize that after numerous presentations, due diligence sessions and budget meetings over the past 2 months the Company successfully negotiated and agreed to terms and accepted an offer of U.S.\$10 million in Convertible Debentures to be priced as follows.

The Units (the “**Units**”) shall consist of consisting of (i) one 24-month convertible Unit with a stated face value of US\$1,150 per Unit, convertible in the one common share at a conversion price of US\$0.50 per share and (ii) a two-year warrant (the “**Warrant**”) representing the right to purchase one (1) share of the Company’s common stock (“**Common Stock**”) for every dollar of the purchase price of the Unit at an exercise price of US\$0.50/share.

In additional the News today Avila Energy Corporation in light of this news confirms that it has informed additional parties that the Company is prepared to accept additional offers to increase the financing within the context of the terms currently agreed upon for working capital to be able to fund unbudgeted increases in demand that may occur as a result of the telling decisions being made by auto manufacturers.

The financing is to be completed by way of private placement offering (i) pursuant to Section 4(a)(2) and/or Rule 506(b) of Regulation D under the US Securities Act of 1933 (the “US Securities Act”), as amended, or (ii) pursuant to Canada’s applicable securities laws, including Multi-National Instrument 45-106 (the “CDN Act”) and any and all applicable state/provincial securities laws (the “Offering”).

(1) [GM joins Ford in gaining access to Tesla's charging network \(detroitnews.com\)](https://www.detroitnews.com/story/business/2023/06/08/gm-joins-ford-in-gaining-access-to-tesla-charging-network/7048117002/)



The financing announced on Monday is progressing and is anticipated to close in the next 10 business days after the completion of the pre-financing customary due diligence and the preparation of the required legal documentation which are customary with a similar type of investment.

Currently the operation is completing facilities turn-arounds and budgeting prior to starting the capital programs that will bring the Company's production up to 1,000 boe/d of which 15% is anticipated to be (150 bbls per day) oil and condensate, with the balance being natural gas and liquids.

<u>Use of Proceeds - 2023</u>	<u>US \$</u>
Vertically Integrated Energy Business⁽²⁾	\$ 2,300,000
Capital Program⁽³⁾ and Working Capital - West Central Alberta	\$ 1,700,000
Capital Program⁽³⁾ – East and West Central Alberta (~1,750 boe/d)	\$ 4,000,000
Business Combination, Legal, and Associated Accounting Services	\$ 1,000,000
Vertically Integrated Energy Business – Initial Sales and Installations	\$ 1,000,000
Total	\$ 10,000,000

(2) The Company in the 1st half of 2023 has been continually having to adapt to change by addressing to the abrupt unanticipated transition from high Natural Gas prices of over CDN\$5.00 per mcf in 2022 to the recent prices of under CDN\$2.50 per mcf in 2023. As part of this transition, there has been the delay in the ramp-up of the Vertically Integrated Energy Business. Therefore, despite best efforts from time-to-time, part of this transition has been on-going negotiations with Micro Turbine Technology ("MTT"). The Company recently attended meetings in Eindhoven in the Netherlands and acknowledged that there have been some delays and despite our differences can confirm, that upon delivery of the outstanding payments to MTT that are within the budget noted above, it will have fulfilled its obligations and will be back on track. ' Despite our legal differences on the interpretation of both parties' contractual engagements, once Avila's financial commitments have been honoured with MTT, it will have cured MTT's Default Notice and be current on all its financial obligations towards MTT. Accordingly, Avila looks forward to ramping up its previously announced Vertically Integrated Energy Business in the course of 2023.

(3) Details for the Company's Capital Program is outlined within its Corporate Presentation that can be found on its website www.avilaenergy.com

About Avila Energy Corporation

The Company is an emerging CSE listed corporation trading under the symbol ('VIK'), and in combination with an expanding portfolio of 100% Owned and Operated oil and natural gas production, pipelines and facilities is a licensed producer, explorer, and developer of Energy in Canada. The Company's long-term vision is to achieve through the implementation of a closed system of carbon capture and sequestration, an established path towards the material reduction of *Tier 1, Tier 2 and Tier 3* emissions and continues to work towards becoming a vertically **Integrated Carbon Neutral Energy Producer**. The Company's goals are to be achieved by focusing on the application of proven geological, geophysical, engineering, and production techniques in combination and the direct sale of energy to both residential and commercial consumers.

For further information,
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ON BEHALF OF THE BOARD

Leonard B. Van Betuw
President & CEO

Abbreviations

bbls/d - barrels per day

BOE/d - barrels oil equivalent per day

NGLs - Natural Gas Liquids

Mboe - Thousands of barrels of oil equivalent

MMboe - Millions of barrels of oil equivalent

PDP - Proved Developed Producing

TP - Total Proved Reserves

TPP - Total Proved and Probable Reserves

IFRS - International Financial Reporting Standards as issued by the International Accounting Standards Board

WTI - West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade

Forward-Looking Information & Forward-Looking Statements Cautionary Statement

Certain information in this news release, including the operations at the Company's properties, constitute forward-looking statements under applicable securities laws. Although Avila Energy Corporation believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Avila Energy Corporation can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. This release includes certain statements that may be deemed "forward-looking statements." All statements in this release, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include market prices, exploitation, and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. It should not be assumed that the estimates of net present value of future net revenue attributable to the Company's reserves presented above represent the fair market value of the reserves. The recovery and reserve estimates of the Company's oil, NGL, and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Further, there is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. Investors are cautioned that any such statements are not guarantees of future performance and

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those actual results or developments may differ materially from those projected in the forward-looking statements. Barrel ("bbl") of oil equivalent ("boe") amounts may be misleading particularly if used in isolation. All boe conversions in this report are calculated using a conversion of six thousand cubic feet of natural gas to one equivalent barrel of oil (6 mcf=1 bbl) and is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. This news release shall not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Trading in the securities of Avila Energy Corporation should be considered highly speculative. Neither the Canadian Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Stock Exchange) accepts responsibility for the adequacy or accuracy of this release. For more information on the Company, Investors should review the Company's registered filings which are available at www.sedar.com.