



Avila Energy Corporation refiles Amended and Restated Annual Financial Statements for the Year Ended December 31, 2022.

Calgary, Alberta, August 2, 2023, Avila Energy Corporation (“**Avila**” or the “**Company**” or “**Avila Energy**”), trading symbol “CSE:VIK”, “OTCM:PTRVF”, FRA:6HGO, announces the re-filing of its amended and restated annual financial statements for the year ending December 31, 2022. The re-filing of the financial statements will be completed no later than August 8, 2023.

The annual financial statements as at December 31, 2022, and for the year then ended have been restated to correct a material error in its filing. The Company discovered the deficiency in the accounting information subsequent to the filing and issuance of the financial statements, and now wishes to rectify the situation by restating the financial statements for the year ended December 31, 2022, using the updated and complete information currently available.

The Company determined that the approach employed to ascertain the fair value of property, plant and equipment (“PP&E”) related to the West Central Alberta (“WCA”) and Donalda property acquisitions were inappropriate, resulting in inaccuracies in calculating the deferred tax asset, deferred tax liability, goodwill, gain on acquisition, goodwill impairment expense and impairment expense for PP&E. Furthermore, at year end, the presence of impairment indicators required the recognition of additional impairment for PP&E. The effects of the restatement are as follows:

a)

- For the Donalda property acquisition, this the gain on acquisition was reduced to \$13,942,757 from \$ 14,698,701 and the deferred tax liability was reduced to \$3,677,668 from \$3,903,469.
- For the WCA property acquisition, the goodwill increased to \$11,516,303 from \$9,836,173, the deferred tax asset increased to \$5,640,021 from \$5,138,074 and the goodwill impairment expense increased to \$11,516,303 from \$9,836,173

b) An impairment expense of PP&E of \$18,444,338 was recorded to adjust the recorded amounts to their recoverable amount.

The effect of the restatement decreased the non-current assets by \$20,880,411 and increased the loss to \$20,403,076.

Forward-Looking Information & Forward-Looking Cautionary Statements

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 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 Share Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Share 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.sedarplus.com.