



***Avila Energy Corporation files the Amended and Restated Annual Financial Statements for the Year Ended December 31, 2022, 1<sup>st</sup> Quarter 2023 and provides an Update on the status of The BCA with Insight Acquisition Corp.***

Calgary, Alberta, August 9, 2023, Avila Energy Corporation (“**Avila**” or the “**Company**” or “**Avila Energy**”), trading symbol “CSE:VIK”, “OTCM:PTRVF”, FRA:6HG0, files the Amended and Restated Annual Financial Statements for the Year Ended December 31, 2022 (the “**2022 Audited Financial Statements**”), 1st Quarter 2023 and provides an update on the status of the BCA with Insight Acquisition Corp.

Following ongoing discussions with the Alberta Securities Commission (“**ASC**”) regarding continuous disclosure and the 2022 Audited Financial Statements, Avila has determined that a restatement is required. In addition, the first Quarter 2023 financials have also been updated, amended, and refiled to reflect the yearend changes accordingly.

The Company determined following discussions with the ASC and its auditors 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 for the 2022 Audited Financial Statement required adjustments, as a result of inaccuracies in calculating the deferred tax asset, deferred tax liability, goodwill, gain on acquisition, goodwill impairment expense and impairment expense for PP&E from the approach initially used. As a result of those adjustments at year end, the presence of impairment indicators required the recognition of additional impairment for PP&E. The effects of the restatement of the 2022 Audited Financial Statements 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 for 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, resulting in a reduction in retained earnings, and the recognition of an increased loss of \$20,403,076. All adjustments did not change the statements of cashflow for the 2022 year or the Company’s cash position at yearend 2022.

## Update of Business Combination with Insight Acquisition Corp. (NASDAQ:INAQ)

On June 27, 2023, the Company received a notice of default from Insight Acquisition Corp. (“Insight”) stating that certain terms of the Business Combination Agreement (“BCA”) had been breached by the Company and that Insight intended to terminate the business combination agreement unless the Company cured the alleged defaults by July 26, 2023. The Company believes it has cured the defaults by the cure period. If Insight does not agree that the defaults are cured, any potential claim by Insight would be for the termination fee of US\$5,000,000 and the reimbursement of expenses incurred by Insight as defined in the BCA. No claim has been filed by Insight as of the auditor’s report date. Avila will contest any claim filed by Insight as being without merit.

## 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.

### Caution; see attached Forward-Looking Information & Forward-Looking Cautionary Statements

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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 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](http://www.sedarplus.com).