Avila Energy Corporation

Form 51-102F1
Management's Discussion and Analysis

For The Nine and Three Months Ended September 30, 2023, and 2022

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of November 28, 2023 and is management's assessment of the historical financial and operating results of Avila Energy Corporation ("Avila" or the "Company") and should be read in conjunction with the unaudited interim financial statements of the Company for the period ended September 30, 2023 together with the notes related thereto, as well as the audited restated and amended financial statements of the Company for the year ended December 31, 2022, together with the notes related thereto along with the management's discussion and analysis thereon.

Avila's management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and financial statements. In the preparation of these statements, estimates are necessary to make a determination of future values for certain assets and liabilities. Management believes these estimates have been based on careful judgements and have been properly presented. The financial statements have been prepared using policies and procedures established by management and fairly reflect Avila's financial position, results of operations and funds flow from operations.

Avila's Board of Directors and Audit Committee have reviewed and approved the interim financial statements and MD&A on November 28, 2023.

Nature of Business: Avila is a company that is engaged in the business of acquiring, exploring and developing crude oil, natural gas, and natural gas liquids ("NGLs") in Western Canada. The Company's assets consist of the West Central Alberta assets ("WCA") located 50 kilometres southwest of Edmonton, Alberta and the East Central Alberta assets ("ECA") located 90 kilometres east of Red Deer, Alberta. The Company is in the initial phases of development of a Carbon Capture and Sequestration Plan in WCA. On November 14, 2022, the Company announced the launch of its Vertically Integrated Energy Business and continues to advance its business, including the utilization of MTT's, Micro Turbine Technology. The Company exists under the laws of the Province of Alberta, with its principal place of business located at Suite 201, 1439 17th Avenue S.E., in Calgary, Alberta.

Forward-Looking Statements and Information: *Certain statements included are incorporated by reference in this MD&A and constitute forward-looking statements or forward-looking information. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this MD&A include but are not limited to capital expenditures, business strategy and objectives, reserves quantities and the discounted present value of future net cash flows from such reserves, net revenue, future production levels, exploration plans, development plans, acquisition and disposition plans and the timing thereof, operating and other costs and royalty rates.*

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things:

- *the ability of Avila to obtain equipment, services and supplies in a timely manner to carry out its activities;*
- *the ability of Avila to market oil and natural gas successfully to current and new customers;*
- *the timely receipt of required regulatory approvals;*
- *the ability of Avila to access existing and additional financing on acceptable terms;*
- *currency, exchange and interest rates;*
- *future oil and gas prices;*
- *the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product transportation; and*
- *the ability of Avila to advance the Vertically Integrated Business program,.*

Although Avila believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements and information because Avila can give no assurance that such expectations will prove to be correct. Forward-looking statements and information are based on current expectations, estimates and projections that involve several risks and uncertainties which could cause actual results to differ materially from those anticipated by Avila and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- *the ability of management to execute its business plan;*
- *the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;*
- *risks and uncertainties involving geology of oil and gas deposits;*
- *risks inherent in Avila's marketing operations;*
- *the uncertainty of reserves estimates and reserves life;*
- *the uncertainty of estimates and projections relating to production, costs and expenses;*
- *potential delays or changes in plans with respect to exploration or development projects or capital expenditures;*
- *Avila's ability to enter into or renew leases;*
- *fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;*
- *health, safety and environmental risks;*
- *uncertainties as to the availability and cost of financing;*
- *the ability of Avila to add production and reserves through development and exploration activities;*
- *general economic and business conditions;*
- *the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;*
- *uncertainty in amounts and timing of royalty payments;*
- *uncertainty of the execution of the Vertically Integrated Business program;*
- *risks associated with existing and potential future lawsuits and regulatory actions against Avila; and*
- *other risks and uncertainties described elsewhere in this MD&A or in any of Avila's other filings and documents that have been distributed to shareholders, including but not limited to the financial statements of the Company for the nine-month period ended September 30, 2023.*

The forward-looking statements and information contained in this MD&A are made as of the date hereof and except where required by law, Avila undertakes no obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement.

BOE Conversions: *Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel and is based on an energy equivalent conversion method application at the burner tip and does not necessarily represent an economic value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1; utilizing a conversion on a 6:1 basis may be misleading as an indicator of value.*

Non-GAAP Terms: *This document contains the terms "funds flow from operations" and "netbacks" which are non-GAAP terms. The Company uses these measures to help evaluate its performance. The Company considers corporate netbacks a key measure as it demonstrates profitability relative to current commodity prices. The Company considers funds flow from operations a key measure as it demonstrates Avila's ability to generate funds necessary to fund future growth through capital investment. Avila's determination of funds flow from operations may not be comparable to that reported by other companies.*

nmf – not a meaningful number

Avila determines funds flow from operations as cash flow from operating activities before changes in non-cash working capital as follows:

	Three months ended September 30			*Nine months ended September 30*		
($)	***2023***	*2022 (restated)*	*%*	***2023***	*2022 (restated)*	*% change*
Cash flow from (used in) operating	**1,209,654**	75,182	nmf	**(1,875,078)**	(1,781,733)	(11)
Change in non-cash working capital	**(2,105,561**	194,276	nmf	**(2,973,049)**	2,433,898	nmf
Funds flow (used in) from operations	**(895,907)**	269,458	nmf	**(4,848,127)**	652,165	nmf

Funds flow from (used in) operations per share is calculated using the weighted average basic and diluted shares used in calculating earnings (loss) per share.

DESCRIPTION OF BUSINESS

Avila Energy Corporation ("Avila" or the "Company") is a resource-based company engaged in the acquisition of, exploration for, and the development and production of crude oil, natural gas and natural gas liquids in Western Canada. On November 14, 2022, the Company announced the launch of its Vertically Integrated Energy Business with the Micro Turbine Technology. The Company was incorporated on January 13, 2010 and exists under the laws of the Province of Alberta, with its principal place of business located at Suite 201, 1439 – 17th Avenue S.E., in Calgary, Alberta.

THIRD QUARTER FINANCIAL HIGHLIGHTS

Avila's upstream operations remain focused on the refinement of its goal to meet its first milestone of 650 boe/d where it is capable of consistently generating cash-flow that exceeds the total cost of the Company's operational (Opex) and general and administrative (G&A) obligations. Avila has defined this to be its "Break-even Point" for its upstream operations. By the end of 2023, this "Break-even Point" is expected to be based on daily production of 650 boe/d (80% natural gas and liquids and 20% heavy crude oil and condensates), and assumes it will realize an average price of CDN $2.50/mcf for natural gas and a blended price of CDN $75.00/bbl for heavy crude oil, liquids and condensates. As announced on November 14th, 2023.

In the third quarter of 2023 the Company production was 295 boe/d and it is expected to recover to between 550 and 600 boe/d upon the completion of the turn-arounds currently nearing completion. Additional initial work-overs are anticipated to bring production to over 650 boe/d. The Company for the 9 months ended September 30, 2023, realized natural gas prices of $2.97/mcf, $0.47/mcf more than what the Company had budgeted in 2023 and realized a blended price of CDN $92.21/bbl for heavy crude oil, liquids and condensates, $16.20/bbl. more than our target price of $75.00/bbl. Both realized prices are encouraging indictor of future revenues for the Company.

The necessity to be focused on the wind-up of the announced cancellation of the de-SPAC with INAQ and the improvement in our balance sheet and liquidity in the 3rd quarter of 2023, along with on-going maintenance limited the benefits of strong commodity pricing. The Company believes that the combination of stronger than budgeted commodity prices and the stabilization of operating expenses will result in a significant reduction in costs per boe upon reaching our first milestone of breakeven prior to yearend 2023. Upon the completion of the equity financing and remediation underway, the resulting recover of daily production will contribute to the Company reaching its first milestone of re-establishing profitable operations, Upstream, in east and west central Alberta.

DETAILED FINANCIAL ANALYSIS

SALES VOLUMES

	Three months ended September 30			Nine months ended September 30		
	2023	2022	% change	**2023**	2022	% change
Heavy oil & condensate*(bbls/d)*	**6**	53	(89)	**15**	37	(59)
Natural gas *(Mcf/d)*	**1,730**	1,071	62	**2,120**	796	166
Natural gas liquids *(bbls/d)*	**1**	2	(50)	**4**	7	(43)
Total *(boe/d)*	**295**	234	26	**372**	177	110
Oil and natural gas liquids %	**2**	24	(92)	**5**	25	(80)

Average production increased 26 percent to 295 boe/day for the three months ended September 30, 2023 from 234 boe/day for the three months ended September 30, 2022.

Average production increased 110 percent to 372 boe/day for the nine months ended September 30, 2023 from 177 boe/day for the nine months ended September 30, 2022. The increase in average production is mainly due to the Company completing two property acquisitions on September 1, 2022 and November 1, 2022, in the WCA and ECA area that contributed to the additional natural gas and natural gas production volumes.

Approximately 57 percent of the Company's production in the first nine months of 2023 was from West Central Alberta, and the remaining 43 percent of the Company's production was from the East Central Alberta area.

PETROLEUM AND NATURAL GAS SALES

($, except where noted)	Three months ended September 30			Nine months ended September 30		
	2023	2022	% change	**2023**	2022	% change
Heavy oil and condensate	**62,999**	478,335	(87)	**401,998**	1,015,736	(60)
Natural gas	**437,454**	429,307	2	**1,719,367**	1,107,346	55
Natural gas liquids	**5,724**	15,626	(63)	**88,414**	67,907	30
Petroleum and natural gas	**506,177**	923,268	(45)	**2,209,779**	2,190,991	1
Per boe						
Petroleum and natural gas	**18.61**	42.87	(57)	**21.77**	45.46	(52)

Total production revenue decreased 45 percent to $506,177 for the three months ended September 30, 2023 from $923,268 for the three months ended September 30, 2022. The variance table that follows the price analysis summarizes the factors contributing to this decrease in total production revenue for the three months ended September 30, 2023.

Total production revenue increased one percent to $2,209,779 for the nine months ended September 30, 2023 from $2,190,991 for the nine months ended September 30, 2022. The variance table that follows the price analysis summarizes the factors contributing to this increase in total production revenue for the nine months ended September 30, 2023.

The Company sells all of its crude oil and natural gas production on a spot basis. The average realized price the Company receives for its crude oil and natural gas production depends on several factors, including the average benchmark prices for crude oil and natural gas, the US to Canadian dollar exchange rate and transportation and product quality differentials.

The average benchmark prices for crude oil are impacted by global and regional events that dictate the level of supply and demand for these commodities. The principal benchmark trading exchanges that Forge compares its oil price to are the West Texas Intermediate ("WTI") oil spot price and the Western Canadian Select ("WCS") spot price. The differential between the WTI spot price can widen due to several factors, including, but not limited to, downtime in North American refineries, rising domestic production, high inventory levels in North America and lack of pipeline infrastructure connecting key consuming oil markets.

The Company currently has no plans to enter into any financial instruments.

The following table summarizes the Company's benchmark and realized petroleum and natural gas prices during the period

	Three months ended			Nine months ended		
	2023	2022	% change	**2023**	2022	% change
Average Benchmark Prices						
WTI crude oil *(US$/bbl)*[(1)]	**82.18**	91.64	(10)	**77.38**	98.09	(21)
WCS differential *(US$/bbl)*	**(12.40)**	(19.79)	(37)	**(16.24)**	(15.71)	3
US$/Cdn$ exchange rate	**0.746**	0.766	(3)	**0.743**	0.780	(5)
WCS *(Cdn$/bbl)*	**93.12**	93.72	(1)	**82.26**	105.58	(22)
AECO daily spot *($/GJ)*	**2.61**	4.45	(41)	**2.76**	5.49	(50)
Average Realized Prices						
Heavy oil *($/bbl)*	**105.88**	97.72	8	**101.59**	101.89	-
Natural gas *($/Mcf)*	**2.75**	4.36	(37)	**2.97**	5.10	(42)
Natural gas liquids *($/bbl)*	**67.34**	70.96	(5)	**80.82**	33.43	142
Average realized price *($/boe)*	**18.61**	42.87	(57)	**21.77**	45.46	(52)
Oil Price Differentials						
Heavy oil differential to WCS *($/bbl)*[(3)]	**12.76**	4.00	219	**19.33**	(3.69)	nmf

(1) WTI represents posting price of West Texas Intermediate crude oil.
(2) WCS represents the benchmark Western Canadian heavy crude oil price.

Avila's average realized heavy oil price increased eight percent to $105.88 per bbl for the three months ended September 30, 2023 from $97.72 for the three months ended September 30, 2022. Avila's average realized heavy oil price decreased marginally to $101.59 for the nine months ended September 30, 2023 from $101.89 for the nine months ended September 30, 2022. The decrease is mainly due to a lower WTI crude oil price in 2023 compared to the WTI crude oil price in 2022.

Avila's average natural gas price decreased 37 percent to $2.75 per Mcf for the three months ended September 30, 2023 from $4.36 per Mcf for the three months ended September 30, 2022. Avila's average natural gas price decreased 42 percent to $2.97 per Mcf for the nine months ended September 30, 2023 from $5.10 per Mcf for the nine months ended September 30, 2022. The changes in average natural gas price is a function of the AECO daily spot price.

Variance analysis	Amount	% change
Three months ended September 30, 2022 production revenue	923,268	
Increase (decrease) due to:		
Heavy oil and NGL volumes	(429,785)	(103)
Natural gas volumes	264,337	63
Realized natural gas price	(256,190)	(61)
Realized heavy oil and NGL price	4,547	1
Total decrease	(417,091)	100
Three months September 30, 2023 production revenue	**506,177**	

Variance analysis	Amount	% change
Nine months ended September 30, 2022 production revenue	2,190,991	
Increase (decrease) due to:		
Natural gas volumes	1,073,512	nmf
Heavy oil and NGL volumes	(680,205)	nmf
Realized natural gas price	(461,491)	nmf
Realized heavy oil and NGL price	86,972	nmf
Total increase	18,788	nmf
Nine months September 30, 2023 production revenue	**2,209,779**	

ROYALTY EXPENSES

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2023**	2022	% change	**2023**	2022	% change
Crown royalties	**42,464**	14,901	185	**120,133**	61,489	95
Freehold and overriding royalties	**46,756**	67,163	(30)	**137,490**	138,126	-
Total royalty expenses	**89,220**	82,064	9	**257,623**	199,615	29
Per boe	**3.28**	3.81	(14)	**2.54**	4.14	(39)
Average royalty rates *(% of revenue)*						
Crown royalties	**8.4**	1.6	nmf	**5.4**	2.8	93
Freehold and overriding royalties	**9.2**	7.3	26	**6.3**	6.3	-
Total royalty expenses	**17.6**	8.9	98	**11.7**	9.1	29

The Company's royalties are owed to the provincial government of Alberta and mineral rights owners. Royalties are either paid or taken in kind. The terms of the provincial government royalty regimes and mineral rights owner agreements impact the Company's overall corporate royalty rate.

Alberta crown royalties are based on a sliding scale with sensitivity to price, total volume produced and royalty incentives for new wells drilled on Crown lands. In 2016, the provincial government of Alberta announced the key highlights of the Modernized Royalty Framework ("MRF") that was effective on January 1, 2017. These highlights include the replacement of royalty credits and holidays on conventional wells through a Drilling and Completion Cost Allowance to emulate revenue minus cost framework, a post-payout royalty rate based on commodity prices, and the reduction of royalty rates for mature wells, with the intent of delivering a neutral internal rate of return for any given play compared to the previous Alberta Royalty Framework. No changes will be made to the royalty structure of wells drilled prior to January 2017 for a 10-year period from the royalty program's implementation date.

Total royalty expenses increased nine percent to $89,220 for the three months ended September 30, 2023 from $82,064 for the three months ended September 30, 2022. The combined royalty rate increased 98 percent to 17.6 percent for the three months ended September 30, 2023 from 8.9 percent for the three months ended September 30, 2022.

Total royalty expenses increased 29 percent to $257,623 for the nine months ended September 30, 2023 from $199,615 for the nine months ended September 30, 2022. The combined royalty rate increased 29 percent to 11.7 percent for the nine months ended September 30, 2023 from 9.1 percent for the nine months ended September 30, 2022. The change in royalty composition is mainly due to the Company completing two property acquisitions on September 1, 2022 and November 1, 2022, in the WCA and ECA areas.

PRODUCTION AND OPERATING EXPENSES

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2023**	2022	% change	**2023**	2022	% change
Production and operating expenses	**249,629**	165,309	51	**1,300,227**	629,462	107
Transportation costs	**91,850**	60,186	53	**385,990**	149,804	158
Total	**341,479**	225,495	51	**1,686,217**	779,266	116
Per boe	**12.55**	10.47	20	**16.61**	16.17	3

Production and operating expenses include all expenses associated with the production of crude oil and natural gas. The material components of operating expenses are labour, equipment maintenance, minor workovers, third party processing fees, fuel and power.

Operating expenses increased 51 percent to $341,479 for the three months ended September 30, 2023 from $225,495 for the three months ended September 30, 2022. On a boe basis, operating expenses increased 20 percent to $12.15 per boe for the three months ended September 30, 2023 from $10.47 for the three months ended September 30, 2022.

Operating expenses increased 116 percent to $1,686,217 for the nine months ended September 30, 2023 from $779,266 for the nine months ended September 30, 2022. On a boe basis, operating expenses increased nine percent to $16.61 per boe for the nine months ended September 30, 2023 from $16.17 for the nine months ended September 30, 2022. The increase in operating expenses is mainly due to the workover expenses and other non-routine activities in the nine months ended September 30, 2023.

Production and operating expenses also include transportation costs. Transportation costs generally include third-party pipeline tariffs and trucking costs incurred to deliver the products to the purchasers at main delivery points.

OPERATING NETBACK

	Three months ended September 30			Nine months ended September 30		
($/boe)	**2023**	2022	% change	**2023**	2022	% change
Petroleum and natural gas sales	**18.61**	42.87	(57)	**21.77**	45.46	(52)
Royalty expenses	**(3.28)**	(3.81)	(14)	**(2.54)**	(4.14)	(39)
Production and operating expenses	**(12.55)**	(10.47)	20	**(16.61)**	(16.17)	3
Operating netback	**2.78**	28.59	(90)	**2.62**	25.15	(90)

Operating netback is used by the Company to measure the contribution to the Company's earnings of oil and natural gas production after consideration of the direct costs of production. Operating netback is reconciled to net earnings by subtracting general and administrative costs, interest, taxes, depletion and depreciation.

Avila's operating netback decreased 90 percent to $2.78 per boe for the three months ended September 30, 2023 from $28.59 for the three months ended September 30, 2022. The decrease is operating netback is due to lower petroleum and natural gas sales prices in the three months ended September 30, 2023 as compared to the corresponding period in 2022 and higher production and operating expenses.

Avila's operating netback decreased 90 percent to $2.62 per boe for the nine months ended September 30, 2023 from $25.15 for the nine months ended September 30, 2022. The decrease in operating netback is due to lower petroleum and natural gas sales prices in the nine months ended 2023 as compared to the corresponding period in 2022.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2023**	2022	% change	**2023**	2022	% change
Consulting and executive fees	**221,677**	154,768	43	**556,497**	270,787	106
Wages and salaries	**49,054**	6,560	nmf	**245,464**	6,560	nmf
Bank charges and late fees	**63,589**	-	100	**245,101**	-	100
Office and administration	**(74,403)**	144,736	(151)	**75,951**	156,604	(51)
Professional fees	**594,653**	-	100	**739,118**	58,476	nmf
Insurance	**24,800**	-	100	**118,910**	-	100
Shareholder and trust services	**14,410**	25,180	(43)	**84,546**	28,511	197
Advertising and promotion	**4,247**	15,007	(72)	**41,468**	15,007	176
Listing fees	**-**	-	-	**4,050**	3,000	35
Management fees	**-**	-	-	**-**	21,000	(100)
Capital overhead recoveries	**-**	-	-	**-**	-	-
Net G&A expense	**898,027**	346,251	159	**2,111,105**	559,945	nmf
Per boe (gross)	**33.01**	16.08	105	**20.80**	11.62	79
Per boe (net)	**33.01**	16.08	105	**20.80**	11.62	79

General and administrative ("G&A") expenses include costs incurred by the Company that are not directly associated with the production of oil and natural gas. The most significant components of G&A expenses are employee and consultant compensation, office rent and accounting and legal costs.

Gross G&A expenses increased 159 percent to $898,027 for the three months ended September 30, 2023 from $346,251 for the three months ended September 30, 2022. On a boe basis, G&A expenses increased 105 percent to $33.01per boe for the three months ended September 30, 2023 from $16.08 for the three months ended September 30, 2022. The increase is G&A expenses is mainly due to the additional legal fees associated with the terminated Insight business combination agreement and the accrual of year-end audit fees and reserve engineering fees.

Gross G&A expenses increased to $2,111,105 for the nine months ended September 30, 2023 from $559,945 for the nine months ended September 30, 2022. On a boe basis, G&A expenses increased 79 percent to $20.80per boe for the nine months ended September 30, 2023 from $11.62 for the nine months ended September30, 2022. The increase in G&A expenses is mainly due to wages and salaries being paid in 2023, legal fees associated with the terminated Insight business combination agreement and the accrual of year-end audit fees and reserve engineering fees.

FINANCE INCOME AND EXPENSE

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2023**	2022	% change	**2023**	2022	% change
Interest income	**-**	-	-	**(31,729)**	-	100
Interest on promissory note	**-**	-	-	**-**	7,814	(100)
Interest	**-**	-	-	**(465)**	6,482	(107)
Part XII.6 tax interest	**168,276**	-	100	**168,276**	-	100
MTT interest expense	**39,175**	-	100	**39,175**	-	100
Term loan interest and admin fee	**128,240**	-	100	**128,240**	-	100
Term loan fee	**2,934**	-	100	**2,934**	-	100
Interest on convertible debentures	**71,322**	7,150	nmf	**157,825**	7,150	nmf
Net interest expense (income)	**409,947**	7,150	nmf	**464,256**	21,446	nmf
Interest (expense) income ($/boe)	**15.07**	0.33	nmf	**4.57**	0.44	nmf
Fair value of change on derivative	**-**	7,453	(100)	**-**	-	-
Interests on conversions	**-**	-	-	**1,566**	5,871	(73)
Interest expense on dividend	**-**	-	-	**103,101**	-	100
Accretion on convertible preferred	**-**	-	-	**10,846**	-	100
Accretion on lease liabilities	**2,684**	-	100	**8,967**	-	100
Accretion on convertible debentures	**108,947**	36,236	201	**332,185**	95,498	248
Accretion on decommissioning	**43,993**	107,191	(59)	**3,082**	117,206	nmf
Net finance expense (income)	**565,571**	158,030	Nmf	**924,003**	240,021	nmf
Finance expense (income) *($/boe)*	**20.79**	7.34	183	**9.10**	4.98	83

Interest income includes interest earned on cash deposits.

DEPLETION AND DEPRECIATION EXPENSE

	Three months ended September 30			Nine months ended September 30		
($, except where noted)	**2023**	2022	% change	**2023**	2022	% change
Depletion and depreciation	**219,954**	58,465	276	**856,177**	81,953	nmf
Depreciation on right-of-use	**2,494**	-	100	**7,483**	-	100
Total	**222,448**	58,465	280	**863,660**	81,953	nmf
Per boe	**8.18**	2.71	202	**8.51**	1.70	nmf

The Company follows a policy of depleting oil and natural gas interests on a unit of production basis over proved plus probable reserves. Depletion and depreciation is calculated at an individual component level.

Total depletion and depreciation expense increased to $222,448 ($8.18 per boe) for the three months ended September 30, 2023 from $58,465 ($2.71per boe) of depletion and depreciation expense for the three months ended September 30, 2022. Total depletion and depreciation expense increased to $863,660 ($8.51 per boe) for the nine months ended September 30, 2023 from $81,953 ($1.70 per boe) of depletion and depreciation expense for the nine months ended September 30, 2022. Total costs subject to depletion and depreciation expense include approximately $17,480,200 ($nil at September 30, 2022) relating to future development costs estimated to complete wells where proved and probable reserves have been assigned.

Oil & Natural Gas Properties and Equipment

Avila performs an impairment test calculation for each of its CGUs in accordance with IAS 36 when indicators of impairment exist. The recovery of costs is tested by comparing the carrying amount of the oil and natural gas assets for each CGU to the discounted cash flows from those assets using proved and probable reserves and expected future prices and costs. If the carrying amount exceeds the recoverable amount, then an impairment would be recognized on the amount by which the carrying amount of the assets exceeds the present value of expected cash flows using proved and probable reserves and expected future prices and costs.

During the nine months ended September 30, 2023, no impairment triggers were identified and therefore no impairment test was performed.

During the nine months ended September 30, 2022, the Company identified indicators of impairment and recorded an impairment of $10,083,608 for the West Central Alberta property acquisition.

NET LOSS, FUNDS FLOW (USED) FROM OPERATIONS

Net Loss, Funds Flow (Used) from Operations

	Three months ended September 30			Nine months ended September 30		
($)	**2023**	2022 (restated)	% change	**2023**	2022 (restated)	% change
Net loss	**(1,623,031)**	(23,098,747)	nmf	**(5,045,328)**	(22,789,516)	nmf
Items not involving cash:						
Depletion and depreciation	**222,448**	58,465	280	**863,660**	81,953	nmf
Gain on acquisition	**-**	32,003	(100)	**-**	-	-
Finance expense (including accretion)	**565,571**	158,030	nmf	**955,732**	240,021	nmf
Interest paid	**(60,895)**	-		**(60, 895)**	-	(100)
Acquisition expense	**-**	1,345,000	(100)	**-**	1,345,000	(100)
Impairment on goodwill	**-**	11,516,303	(100)	**-**	11,516,303	(100)
Impairment on PP&E	**-**	10,083,608	(100)	**-**	10,083,608	(100)
Change in debenture	**-**	106,117	(100)	**-**	106,117	(100)
Change in debenture	**-**	156,014	(100)	**-**	156,014	(100)
Gain on convertible preferred	**-**	-	-	**(553,048)**	-	(100)
Flow-through premium liability	**-**	-	-	**(376,265)**	-	(100)
Change in derivative liability	**-**	(87,335)	100	**(631,983)**	(87,335)	nmf
Funds flow (used in) from operations	**(895,907)**	269,458	nmf	**(4,848,127)**	652,165	mmf

Per Share Information

($, except where noted)	Three months ended September 30 2023	2022 (restated)	% change	Nine months ended September 30 2023	2022 (restated)	% change
Net loss	**(1,623,031)**	(23,098,747	nmf	**(5,045,328)**	(22,789,51	nmf
Basic *($/share)*	**(0.01)**	(0.58)	nmf	**(0.04)**	(0.57)	nmf
Diluted *($/share)*	**(0.01)**	(0.58)	nmf	**(0.04)**	(0.57)	nmf
Funds flow (used in) from	**(895,907)**	269,458	nmf	**(4,848,127)**	652,165	nmf
Basic *($/share)*	**(0.01)**	0.01	(200)	**(0.04)**	0.02	nmf
Diluted *($/share)*	**(0.01)**	0.01	(200)	**(0.04)**	0.02	nmf

Funds flow used in operations was $857,402 ($ 0.01per basic and diluted share) for the three months ended September 30, 2023, from $269,458 ($0.01 per basic and diluted share) of funds from operations for the three months ended September 30, 2022. Funds flow used in operations for was $4,659,383 ($(0.04) per basic and diluted share) for the nine months ended September 30, 2023, from $652,165 ($0.02 per basic and diluted share) of funds flow from operations for the nine months ended September 30, 2022.

Net loss was $1,579,349 ($ 0.01 loss per basic and diluted share) for the three months ended September 30, 2023, from net loss of $23,098,747 ($0.58 loss per basic and diluted share) for the three months ended September 30, 2022. Net loss for the nine months ended June 30, 2023, was $5,018,981 ($0.04 loss per basic and diluted share) from net loss of $22,789,516 ($0.57 loss per basic and diluted share) for the nine months ended September 30, 2022. The increase in net loss is primarily due to the $3,000,000 write off of the advance for the failed NEBC property acquisition.

BOE Netbacks

($/boe)	Three months ended September 30 2023	2022 (restated)	% change	Nine months ended September 30 2023	2022 (restated)	% change
Production revenue	**18.61**	42.87	(57)	**21.77**	45.46	(52)
Royalty expenses	**(3.28)**	(3.81)	(14)	**(2.54)**	(4.14)	(39)
Production and operating	**(12.55)**	(10.47)	20	**(16.61)**	(16.17)	3
Operating netback	**2.78**	28.59	(90)	**2.62**	25.15	(90)
General and administrative	**(33.01)**	(16.08)	105	**(20.80)**	(11.62)	79
Interest paid	**(2.24)**	-	(100)	**(0.60)**	-	(100)
Write off advance	**-**	-	-	**(29.55)**	-	(100)
Cash flow netback	**(32.47)**	12.51	nmf	**(48.33)**	13.53	nmf
Depletion and depreciation	**(8.18)**	(2.71)	nmf	**(8.51)**	(1.70)	nmf
Finance expense	**(18.55)**	(7.34)	153	**(8.50)**	(4.98)	71
Change in derivative liability	**-**	4.06	(100)	**6.23**	-	100
Acquisition expense	**-**	(62.45)	(100)	**-**	(27.91)	(100)
Impairment on goodwill	**-**	(534.75)	(100)	**-**	(238.94)	(100)
Impairment on PP&E	**-**	(468.22)	(100)	**-**	(209.22)	(100)
Change in debenture	**-**	(4.93)	(100)	**-**	(2.20)	(100)
Change in debenture	**-**	(7.24)	(100)	**-**	(3.24)	(100)
Gain on convertible preferred	**-**	-	(100)	**5.45**	-	100
Flow-through premium liability	**-**	-	-	**3.71**	-	100
Other income	**(0.47)**	(1.43)	nmf	**0.25**	-	100
Net loss for the period	**(59.67)**	(1,072.50)	nmf	**(49.70)**	(474.66)	nmf

CAPITALIZATION AND FINANCIAL RESOURCES

CAPITAL EXPENDITURES

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022 (restated)	% change	**2023**	2022 (restated)	% change
Land	**-**	-	-	**4,148**	-	100
Drilling	**-**	-	-	**5,723**	-	100
Completion/Workover costs	**56,453**	-	100	**275,669**	-	100
Production equipment & facilities	**32,650**	368,101	(91)	**777,039**	1,423,090	(45)
Property acquisition	**-**	19,363,546	(100)	**-**	19,363,546	(100)
Engineering studies	**-**	-	-	**-**	-	-
Total property, plant and equipment	**89,103**	19,731,647	nmf	**1,062,579**	20,786,636	nmf
Land	**-**	454,283	(100)	**-**	533,188	(100)
Property acquisition	**-**	8,453,325	(100)	**-**	8,453,325	(100)
Geological and geophysical	**-**	-	-	**-**	-	-
Exploratory Drilling	**-**	-	-	**-**	-	-
Completion	**-**	-	-	**-**	-	-
Total exploration and evaluation costs	**-**	8,907,608	(100)	**-**	8,986,513	(100)
Total capital expenditures	**89,103**	28,639,255	nmf	**1,062,579**	29,773,149	nmf

Avila plans to execute its growth strategy through exploration, exploitation and development activities supplemented with strategic property and corporate acquisitions.

Net capital expenditures for the nine months ended September 30, 2023 were $1,062,759

Net capital expenditures for the nine months ended September 30, 2022 were $29,773,149. On September 1, 2022, the Company purchased 100 percent of oil and gas properties in the West Central Alberta (“WCA”) area. The transaction was accounted for as a business combination under IFRS – 3 “Business Combinations” as the assets met the definition of a business. The aggregate consideration paid of $41.703.300 is comprised of 30,000,000 convertible preferred shares valued at $0.55 per share for the total value of $16,372,500 and 44,440,000 common shares at the September 14, 2022 closing share price of $0.57 on which the shares were transferred for a total value of $25,330,800.

Funding for capital expenditures was provided from proceeds of the issuance of equity and to a lesser extent, working capital.

WORKING CAPITAL

Avila had a working capital deficit of $3,649,499 at September 30, 2023, including cash proceeds from the Company’s equity offerings. At September 30, 2023, the major components of Avila’s current assets were cash, accounts receivable and prepaid expenses. Current liabilities largely consist of trade payables and accrued liabilities related to the Company’s operations. The Company manages its working capital using a combination of its funds from operations and future equity offerings.

There are currently no capital commitments and no known unusual trends or liquidity issues as at November 28, 2023. The Company expects to be able to meet future obligations associated with on-going operations from cash flow from operations.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares (“Common Shares”). Since incorporation, Avila has successfully closed a number of private and public offerings, resulting in the issuance of 141,889,954 Common Shares.

The following table provides a summary of the outstanding Common Shares, stock options, and share purchase warrants at the dates indicated:

	November 28, 2023	September 30, 2023
Common Shares	**162,549,954**	141,889,954
Dilutive Securities		
Warrants	**29,950,484**	19,620,484
Stock options	**1,753,770**	1,753,770
Total Dilutive Securities	**31,704,254**	21,374,254
Total Basic and Diluted Common Shares	**194,254,208**	163,264,208
Weighted average Common Shares		
Basic	**135,139,178**	132,264,085
Diluted	**135,139,178**	132,264,085

CONTRACTUAL OBLIGATIONS

The Company has entered into various commitments. The following table summarizes the outstanding contractual obligations of the Company for the next five years and thereafter:

($)	2023	2024	2025	2026	Thereafter	Total
Flow- through share	**6,500,106**	-	-	-	-	6,500,106
	6,500,106	-	-	-	-	6,500,106

GOING CONCERN

The oil and gas company is subject to factors that are beyond the Company’s control. See “Risks and Uncertainties” contained in the annual MD&A.

In order to finance the Company’s future exploration programs, MTT manufacturing and marketing and to cover administrative and overhead expenses, the Company may raise money through the sale of equity instruments or divestiture of working interests. Many factors influence the Company’s ability to raise funds, including the health of the resource market, the climate for lithium exploration investment, the Company’s track record and the experience and caliber of its management. Management believes it will be able to raise equity capital as required in the long term but recognizes there will be risks involved that may be beyond their control.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

During the period ended September 30, 2023, executive services totalling $237,360 (December 31, 202 - $246,650) were provided by companies that are affiliated with officers of Avila. At September 30, 2023, Avila still owes $147,373 for the services provided (December 31, 2022 - $228,657).

A $27,480 fee was paid to company that is affiliated with an officer of Avila for sourcing a potential convertible debenture offering.

During the period ended September 30, the Company accrued $3,042 on convertible debentures (September 30, 2023 $ 103,000) that are held by an officer of Avila and a Company whose President is an officer of Avila.

The Company has a $500,000 convertible secured debenture at September 30, 2023 (December 31, 2022 - $500,000) bearing 5% interest compounded semi-annually that is held by Avila Exploration & Development Canada Ltd. whose President is also President and Chief Executive Officer of the Company. At September 30, 2023 there is $95,197 interest owing on the convertible secured debenture due July 31, 2027 (December 31, 2022 - $76,497).

During September 2022, the Company purchased WCA assets from 611890 Alberta Inc for $25,909,100. Consideration for the WCA assets consisted of 30,000,000 preferred shares issued to Leonard Van Betuw, 12,180,000 common shares issued directly to Leonard Van Betuw and 3,600,000 common shares issued to Leonard Van Betuw's family members. The Company has a $103,101 dividend payable to Leonard Van Betuw, who is also President and Chief Executive Officer of the Company relating to the forced conversion of the convertible preferred shares on March 29, 2023 (see note 16 (b)).

During December 2022, the Company advanced $2,340,000 of funds to 611890 Alberta Inc. for the 15% equity stake and preferred license from Micro Turbine Technology. Leonard Van Betuw, who is President of 611890 Alberta Inc is also President and Chief Executive Officer of the Company. During the nine months ended September 30, 2023, the Company advanced an additional $1,455,720 of funds to 611890 Alberta Inc for the 15% equity stake and preferred license from Micro Turbine Technology. At September 30, 2023, Company owes $189,868 to 611890 Alberta Inc. At September 30, 2023, the Company has a $367,817 (December 31, 2022 - $228,657) joint venture receivable from 611890 Alberta Inc. as per the joint venture agreement.

During December 2022, the Company was intending to purchase NEBC assets from 611890 Alberta Inc. for $2,400,000. 611890 Alberta Inc. purchased the NEBC assets for $1,200,000 and incurred the costs associated with the preparation of the bid, post award negotiations, feasibility studies, engineering, budgeting and legal costs and then sold the assets to the Company for $2,400,000, resulting in a collateral benefit of $1,200,000 for 611890 Alberta Inc. Leonard Van Betuw, who is President of 611890 Alberta Inc is also President and Chief Executive Officer of the Company. During the nine months ended September 30, 2023, the Company advanced an additional $ 3,000,000 for the NEBC assets to 611890 Alberta Inc. This property acquisition was terminated resulting in the $2,400,000 being written off at December 31, 2022 and the $3,000,000 advance was written off at March 31, 2023.

During the nine months ended September 30, 2023, the Company advanced $1,200,000 of funds to 611890 Alberta Inc. for a partial payment of the promissory note (see note 13).

ACCOUNTING RESTATEMENT

During the annual audit of the Company's December 31, 2022 financial statements it was determined the Company had incorrectly recorded amounts for intangible assets, the West Central Alberta ("WCA") property acquisition and the proposed British Columbia ("BC") property acquisition in its financial statements as presented at September 30, 2022.

Impact on the Statement of Financial Position

(unaudited)	**Q3 2022**
Advances – current asset previously reported	1,492,000
B.C. property acquisition adjustment	908,000
Advance – MTT adjustment	1,700,000
Advances - restated	**4,100,000**
Joint venture rec. – current asset previously reported	259,656
WCA property acquisition adjustment	123,572
Joint venture receivable - restated	**383,228**
PP&E - long term asset previously reported	33,083,752
B.C. property acquisition adjustment	(6,258,942)
WCA property acquisition adjustment	(5,205,507)
WCA PP&E impairment	(10,083,608)
Property, plant and equipment - restated	**11,535,695**
E&E assets - long term asset previously reported	14,709,550
WCA property acquisition adjustment	(4,185,741)
Property, plant and equipment - restated	**10,523,809**
Intangible assets - long term asset previously reported	8,228,111
Advance – WTT adjustment	(1,700,000)
Long term loan payables adjustment	(6,528,111)
Intangible assets - restated	**-**
Goodwill - long term asset previously reported	-
WCA property acquisition adjustment	11,516,603
WCA goodwill impairment	(11,516,603)
Goodwill - restated	**-**
Deferred tax asset - long term asset previously reported	-
WCA property acquisition adjustment	5,640,021
Deferred tax asset - restated	**5,640,021**
Total assets previously reported	59,823,672
Restatement adjustment	(25,590,316)
Total assets - restated	**34,233,356**

Decommissioning liability - previously reported	14,160,967
B.C. property acquisition adjustment	(4,434,931)
WCA property acquisition adjustment	(6,994,274)
Decommissioning liability - restated	**2,731,762**

Long term loan payable - previously reported	6,528,111
Intangible assets adjustment	(6,528,111)
Long term loan payable - restated	**-**

Convertible preferred share dividend - previously reportec	-
WCA property acquisition adjustment	529,179
Convertible preferred share dividend - restated	**529,179**

Share capital - previously reported	34,814.953
WCA property acquisition adjustment	17,353,321
Share capital - restated	**52,168,274**

Deficit - previously reported	7,213.460
Gain on property acquisition	2,570,589
Acquisition expense	1,345,000
WCA PP&E impairment	10,083,608
WCA goodwill impairment	11,516,603
Deficit - restated	**32,728,960**

Total shareholders' equity - previously reported	32,572.562
Restatement adjustment	(8,162,179)
Total shareholders' equity - restated	**24,140,383**

Total liabilities and shareholder's equity - previously repor	59,823.672
Restatement adjustment	(25,590,316)
Total liabilities and shareholders' equity - restated	**34,233,356**

Reconciliation of the Statement of Loss and Comprehensive Loss

(unaudited)	**Q3 2022**
Gain on acquisition of assets– previously reported	2,570,589
B.C. property acquisition adjustment	(916,010)
WCA property acquisition adjustment	(1,654,579)
Gain on acquisition of assets - restated	**-**

Acquisition expense -previously reported	-
WCA property acquisition adjustment	1,345,000
Acquisition expense -restated	**1,345,000**

Impairment on goodwill - previously reported	-
WCA property acquisition	11,516,303
Impairment on goodwill - restated	**11,516,303**

Impairment of PP&E - previously reported	-
WCA property acquisition	10,083,608
Impairment of PP&E - restated	**10,083,608**

Net income & comprehensive income- previously reportec	2,725,984
Restatement adjustment	(25,515,500)
Net loss and comprehensive loss- restated	**(22,789,516)**

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgements, assumptions and estimates in the application of International Financial Reporting Standards that have a significant impact on the financial results of the Company. A comprehensive discussion of the Company's significant accounting policies is contained in note 2 to the annual restated and amended financial statements of the Company.

Voluntary change in accounting policy

Avila re-assessed its policy for the measurement of it's right-of-use of assets and lease liability.

Prior to the exploration and development of oil and natural gas, an entity must enter into both a mineral rights agreement (commonly referred to as a "mineral lease") with the mineral rights owner as well into a surface-land-use agreement (commonly referred to as a "surface lease") with the land owner, who may be a a government body or private owner. IFRS 16 contains a specific scope exemption for "leases to explore for or use minerals, oil, natural gas and similar non-generative resources."

Previously, Avila's right-of-use assets was measured using all of the Company's surface leases. The Company has elected to only calculate the right-of-use asset and lease liability for the surface leases in which the Company has no corresponding mineral lease.

The Company has accounted for the change in accounting policy using retroactive restatement of prior periods.

Impact on the Statement of Financial Position

	June 30, 2023	March 31, 2023	December 31, 2022
Right-of-use asset - previously reported	$ 1,291,343	$ 1,338,815	$ 1,386,287
Restatement adjustment	(1,176,600)	(1,221,577)	(1,266,555)
Right-of use asset restated	114,743	117,238	119,732
Total assets - previously reported	$ 45,400,687	$ 45,473,756	$ 47,991,468
Restatement adjustment	(1,176,600)	(1,221,577)	(1,266,557)
Total assets restated	44,224,087	44,252,179	46,724,911
Lease liabilities - previously reported	$ 1,325,123	$ 1,420,030	$ 1,415,354
Restatement adjustment	(1,219,195)	(1,299,835)	(1,291,815)
Lease liabilities restated	105,928	120,195	123,539
Deficit - previously reported	$ (33,782,151)	$ (33,893,964)	$ (30,342,519)
Restatement adjustment	42,595	78,297	25,259
Deficit restated	(33,739,556)	(33,815,667)	(30,317,260)

Total liabilities and shareholders' equity	$ 45,400,687	$ 45,473,756	$ 47,991,468
Restatement adjustment	(1,176,600)	(1,221,577)	(1,266,557)
Total liabilities and shareholders' equity	44,224,087	44,252,179	46,724,911

Reconciliation of the Statement of Loss and Comprehensive Loss

	Q2 2023	Q1 2023	2022
Production and operating – previously	$ 667,453	$ 527,046	$ 1,699,945
Restatement adjustment	118,778	31,460	79,137
Production and operating restated	786,231	558,506	1,779,082

Finance expense - previously reported	$ 110,933	$ 356,847	$ 49,996
Restatement adjustment	(38,099)	(39,521)	(45,514)
Finance expense restated	72,834	317,326	4,482

Depreciation - previously reported	$ 333,973	$ 397,194	$ 62,208
Restatement adjustment	(44,978)	(44,978)	(58,882)
Depreciation restated	288,995	352,216	$ 3,326

Income (loss) - previously reported	$ 111,813	$ (3,551,445)	$ (20,403,076)
Restatement adjustment	(35,702)	53,039	25,259
Income (loss) restated	76,111	(3,498,406)	(20,377,817)

Reconciliation of the Statement of Cash Flow

	Q2 2023	Q1 2023	2022
Income (loss) – previously reported	$ 111,813	$ (3,551,445)	$ (20,403,076)
Restatement adjustment	(35,702)	53,039	25,259
Income (loss) restated	76,111	(3,498,406)	(20,377,817)

Finance expense - previously reported	$ 110,933	$ 356,847	$ 49,996
Restatement adjustment	(38,099)	(39,521)	(45,514)
Finance expense restated	72,834	317,326	4,482

Depreciation - previously reported	$ 333,973	$ 397,194	$ 62,208
Restatement adjustment	(44,978)	(44,978)	(58,882)
Depreciation restated	288,995	352,216	3,326

Cash flow (used) in operations	$ (451,529)	$ (3,350,452)	$(1,991,301)
Restatement adjustment	(118,778)	(31,460)	(79,137)
Cash flow from (used) restated	(570,307)	(3,381,912)	(2,070,438)

Lease payments - previously reported	$ 136,023	$ 38,110	83,137
Restatement adjustment	(118,778)	(31,460)	(79,137)
Lease payments restated	17,245	6,650	4.000

RISKS AND UNCERTAINTIES

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition and / or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2022. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware.

SUBSEQUENT EVENTS

On September 20, 2023, the Company announced it intends to complete a non-brokered private placement consisting of the issuance of up to 60,000,000 units 9the “Units”) at a price of $0.05 per Unit for gross proceeds of up to $3,000,000. Each Unit is comprised of one common share in the share capital of the Company and one-half (1/2) common share purchase warrant. Each full Warrant entitles its holder to purchase one additional common share at a price of $0.12 for a period of 24 months following the closing.

On October 21, 2023, the Company received a Notice of Termination of the License Agreement (the “Notice”) for an alleged breach of its payment obligations, from Micro Turbine Technology BV (“MTT”) in attempt to accelerate the collection of payments which were not aligned with the newly agreed upon terms and conditions of the Non-Exclusive License Agreement as disclosed in the Company’s press releases dated June 26, 2023 and July 26, 2023. The parties continue to work towards negotiating a mutually satisfactory resolution. The Company disputes the allegations as MTT has been withholding the requested supporting information related to the payments as per underlying agreements. The Company confirms that the amount owing under the License Agreement to date is Euro $509,670 as prepaid services for the annual maintenance of patents and services associated with the completion of the CSA approvals in 2024.

On October 31, 2023, the Company announced it closed the first tranche of $1,033,000 of its non-brokered private placement by issuing 20,660,000 units at a price of $0.05 per unit. The Company received $500,000 of subscription receipts prior to the closing date.

SUMMARY OF QUARTERLY RESULTS

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Operations				
Average daily production				
Heavy oil and condensate *(bbls/d)*	**6**	17	21	36
Natural gas *(Mcf/d)*	**1,730**	2,238	2,376	2,003
NGLs *(bbls/d)*	**1**	6	5	1
Total *(boe/d)*	**295**	396	422	371
Average realized sales price				
Heavy oil and condensate *($/bbl)*	**105.88**	91.44	107.89	76.41
Natural gas *($/Mcf)*	**2.75**	2.69	3.43	5.17
NGLs *($/bbl)*	**67.34**	83.94	79.44	87.42
Total *($/boe)*	**18.61**	20.41	25.51	35.59
Operating Netback *($ per boe)*				
Petroleum and natural gas sales	**18.61**	20.41	25.51	35.59
Royalty expenses	**(3.28)**	(1.07)	(3.42)	(3.66)
Production and operating expenses	**(11.14)**	(18.52)	(13.89)	(26.97)
Operating netback	**4.19**	0.82	8.20	4.96
Financial *($, except per share amounts)*				
Petroleum and natural gas sales	**506,177**	735,579	968,023	1,215,114
Funds flow (used) from operations	**(895,907)**	(570,305)	(3,381,914)	(2,728,945)
Per share – basic	**(0.01)**	-	(0.03)	(0.05)
Per share – diluted	**(0.01)**	-	(0.03)	(0.05)
Cash from (used) in operations	**1,209,654**	260,658	(3,345,390)	(209,568)
Per share – basic	**0.01**	-	(0.03)	(0.01)
Per share – diluted	**0.01**	-	(0.03)	(0.01)
Net income (loss)	**(1,623,031)**	76,111	(3,498,406)	2,386,440
Per share – basic	**(0.01)**	-	(0.03)	0.05
Per share – diluted	**(0.01)**	-	(0.03)	0.05
Capital expenditures, net	**89,103**	182,216	791,260	9,976,282
Total assets	**45,340,841**	44,224,086	44,252,178	46,724,913
Total net cash and working capital	**(3,649,499)**	(1,286,074)	(1,476,724)	3,982,550
Shares outstanding, end of period	**141,889,954**	141,889,954	141,889,954	111,437,322
Weighted average shares (basic and diluted)	**141,889,954**	141,889,954	112,691,462	52,766,406

	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Operations				
Average daily production				
Heavy oil and condensate *(bbls/d)*	53	37	20	-
Natural gas *(Mcf/d)*	1,070	580	732	92
NGLs *(bbls/d)*	2	12	8	5
Total *(boe/d)*	234	145	150	20
Average realized sales price				
Heavy oil and condensate *($/bbl)*	97.72	111.89	94.66	-
Natural gas *($/Mcf)*	4.74	6.90	4.76	7.08
NGLs *($/bbl)*	70.96	18.15	45.11	62.08
Total *($/boe)*	42.87	57.19	38.10	47.85
Operating Netback *($ per boe)*				
Petroleum and natural gas sales	42.87	57.19	38.10	47.85
Royalty expenses	(3.81)	(3.77)	(5.03)	(8.78)
Production and operating expenses	(10.47)	(22.53)	(19.04)	(18.49)
Operating netback	28.59	30.89	14.03	20.58
Financial *($, except per share amounts)*				
Petroleum and natural gas sales	923,268	754,613	513,110	90,457
Funds flow (used) from operations	269,458	280,488	102,219	(398,241)
Per share – basic	0.01	-	-	(0.02)
Per share – diluted	0.01	-	-	(0.02)
Cash used in operations	75,182	(2,088,171)	231,256	(417,912)
Per share – basic	-	(0.06)	-	(0.02)
Per share – diluted	-	(0.06)	-	(0.02)
Net income (loss)	(23,098,747)	250,752	58,479	(1,084,670)
Per share – basic	(0.58)	0.01	-	(0.06)
Per share – diluted	(0.58)	0.01	-	(0.06)
Capital expenditures, net	28,107,252	1,217,322	448,575	-
Total assets	34,233,356	10,603,851	4,613,850	4,583,826
Total net cash and working capital	2,933,997	5,269,084	1,467,571	1,835,527
Shares outstanding, end of period	86,983,586	35,651,341	35,651,341	35,651,341
Weighted average shares (basic and diluted)	40,051,302	35,651,341	25,541,590	25,514,590