



**Avila Energy Corporation, provides Disclosure Update, in relation to Power Generation, Carbon Capture and Sequestration Loan Agreement and MTT Solutions B.V.**

Calgary, Alberta, May 28, 2024 – Avila Energy Corporation (“**Avila**”, the “**Company**” or “**Avila Energy**”), (CSE: VIK, OTCM: PTRVF and FRA:6HG0), announces that it has entered into a loan agreement for an amount of \$5,994,314 relating to its power generation, carbon capture and sequestration facility (the “**Power Generation Facility**”) located in West Central Alberta.

The power generation loan (the “**Loan**”) is an unsecured loan of a principal amount of \$5,994,314 advanced by QVB Energy Ltd. (“**QVB**”), a non-arm’s length party, bearing interest of 6% per annum (0.05% per month). The payment terms are interest only for two years prior to receiving a request to commence construction and commissioning of the Power Generation Facility. Avila is the 100% owner and operator of the Power Generation Facility situated in West Central Alberta.

The Power Generation’s preliminary designs were advanced to where long lead items were acquired by the Company as part of the progression and completion of the 1<sup>st</sup> stage of approximately 10MW of continuous duty power generation on or before the end of the 2<sup>nd</sup> quarter of 2025.

The application to the federal government of Canada and Alberta Utilities Commission of facility will be completed by Avila. The Company is currently monitoring and awaiting the publication of firm policies by the federal government of Canada. It has been the Company’s experience that if an application is submitted prior to the publication of firm policies that the Company’s application, and the proposed facility, is at the risk of not qualifying for the benefits that are anticipated to be included in the federal government’s policies.

The source and uses of the expenditures were initially disclosed more generally in the offering document 45-106F19 dated December 6, 2022, and as amended on December 22, 2022, and form part of the Carbon Capture and Sequestration program in West Central Alberta. Pursuant to subsection 66(15) of the *Income Tax Act*, these expenditures qualify as Canadian Renewable and Conservation Expenses (CRCE) as disclosed in the Form 45-106F19. QVB is the supplier of engineering equipment and construction services for the Power Generation Facility.

The Loan included the preliminary design, equipment, and various components of the Power Generation Facility, including the supply of two Caterpillar Solar Turbine power generators are to be upgraded and load tested to perform in the manner intended when they are installed to become a natural gas fired Power Generation, Carbon Capture and Sequestration facility.

This transaction constitutes a related party transaction pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) as the Company and QVB share the same significant shareholder and Chief Executive Officer, Mr. Leonard Van Betuw. Pursuant to MI 61-101, the Company will file a material change report providing disclosure in relation to the "related party transaction" on SEDAR+ under the Company’s issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca). The Company did not file the material change report more than 21 days before the expected closing date of the Loan as the details of said agreement were not settled until shortly prior to the conclusion of the agreement, and the Company wished to sign the loan agreement on an expedited basis for sound business reasons, with an effective date of December 28, 2023. The

Company is relying on exemptions from the formal valuation requirement under MI 61-101. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on sections 5.5(b) of MI 61-101 as no securities of the Company are listed or quoted for trading on prescribed stock exchanges or stock markets. Additionally, the Company is exempt from minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(f) as the transaction is a loan on reasonable commercial terms that are not less advantageous to the Company than if the transaction were obtained from a person dealing at arm's length with the Company and no component is directly or indirectly convertible into equity or voting securities of the issuer or a subsidiary entity of the Company, or otherwise participating in nature or repayable as to principal or interest, directly or indirectly, in equity or voting securities of the Company or a subsidiary entity of the Company. The power generation facility was previously approved by the board of directors of the Company including disinterested directors, when it was first presented to the board back in December of 2022. No special committee was established in connection with the transaction, and no materially contrary view was expressed or made by any of the independent directors. The Company kept the directors duly apprised of all developments regarding the Power Generation Facility.

### **MTT Solutions B.V. - Update**

Avila Energy is pleased to confirm as reported on March 20, 2024, that the Company was able to come to a full resolution of all matters with MTT. The negotiations occurred in February of 2024, during a form of restructuring of MTT that did include the declaration of bankruptcy in the Netherlands of MTT Technology B.V. and the formation of a new Company MTT Solutions B.V. in February of 2024, that is solvent and was discharged of all its liabilities and financial burdens, leaving the Company solvent, with accounts receivable, back-log, inventory and 100% of the patent free and clear of any encumbrances.

Effective March 1, 2024, the new company MTT Solutions B.V. agreed and delivered a continuation of the licensing agreement and furthermore re-instated the exclusive licensing provisions for North America, to Avila Energy that now includes, Canada, the United States and Mexico. Furthermore, within the agreement is the continued recognition of all investments and obligations previously made between MTT and Avila Energy, including a 15% preferred interest in the Company now known as MTT Solutions B.V.

Leonard Van Betuw, President & CEO participated was actively involved with the restructuring process and upon completing inspections the week of March 31, 2024, at the offices and facilities in Eindhoven, the Netherlands, the Company's key components were intact and continue to be part of the Newly formed MTT Solutions B.V.

1. The assets, inventory and work product, and test facilities were all catalogued and in good order.
2. The finished product and work in progress was on site and 3 production lines and workstations for manufacturing were in place that are the necessary capacity needed to deliver the number of sales contemplated in the business plan.
3. The support equipment for servicing of past sales and pre-production facilities, tools and equipment were on site.
4. All patents were in good standing that make up the intellectual property of MTT.
5. The Company is advancing its plans to deliver on its backlog of deliveries and the resumption of production in the 3rd quarter of 2024, including its initial deliveries to Avila Energy.

Upon successfully completing the negotiations, it is these additional actions in combination with the Company's evaluation of impairment of the investment that became part of the Company's year-end due diligence, that the newly formed MTT is strong, solvent and preparing to execute on its business plans in 2024

including the supplier and supporting of Avila Energy Corporation's first order, in advance of the commence of the transition of the technology to Avila Energy Corporation in North America starting in the 2<sup>nd</sup> half of 2024 with initial manufacturing of the EnerTwin in Canada to commence in the 2<sup>nd</sup> half of 2025.

## **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 with the delivery of Direct-to Consumer energy sales to both residential and commercial consumers.

For further information, please contact: Leonard B. Van Betuw, President & Chief Executive Officer, or  
Lars Glimhagen, Chief Financial Officer of  
Avila Energy Corporation

Emails: Leonard B. Van Betuw: [leonard.v@avilaenergy.com](mailto:leonard.v@avilaenergy.com)  
Lars Glimhagen: [lars.g@avilaenergy.com](mailto:lars.g@avilaenergy.com)

## **ON BEHALF OF THE BOARD**

Leonard B. Van Betuw  
*President & CEO*

Contact phone number: (403) 451-2786 Ext 201

## **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 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.sedar.com](http://www.sedar.com).*