



***Avila Energy Corporation announces
the commencement of its Corporate Restructuring
and the filing of Notice of Intention to Make a Proposal***

CALGARY, Alberta, September 23, 2024 – Avila Energy Corporation (“**Avila**” or “**Company**”), trading symbol, (CSE: VIK, OTCM: PTRVF and FRA:6HG0), has taken steps to initiate a corporate restructuring through the filing of a Notice of Intention to Make a Proposal (the “**Notice of Intention**”) to its creditors under the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). Pursuant to the Notice of Intention, FTI Consulting Canada Inc. has been appointed as the proposal trustee in the Corporation’s Notice of Intention proceedings and will assist the Corporation in its restructuring efforts.

MLT Aikins LLP is legal counsel to the Corporation.

The decision to file the Notice of Intention by Avila Energy Corporation was made by the board so that it can:

- 1) Complete the orderly restart of operations in West Central Alberta, including the suspension of operations that occurred as a result of the contamination of the Company’s facilities being exposed to H2S from production that was associated with a 3rd party’s natural gas production delivered to the Company in the second quarter of 2024.
- 2) Complete the negotiations and sale of certain non-core heavy oil and associated natural gas production, that the Company has received proposals to either farm-in and restart suspended production or the outright Sale and Acquisition of these Assets.
- 3) The closing of proposed financing(s) and or recapitalization that are under negotiation and/or being advanced and that are budgeted to fund the orderly completion of a proposal to its creditors, both secured and unsecured.
- 4) The completion of negotiations and the approval from the Alberta Energy Regulatory of all necessary regulatory filings for the wind-up of Avila Energy Corporation’s association with AVEX Energy Inc. that will result in a streamlining of the operations upon the completion of the financings, payment of creditors and recapitalization of the Company.

While subject to the Notice of Intention proceedings, the Corporation in addition to continuing with its current efforts, is prepared to and will consider also pursuing a strategic alternatives process. To this end,

the Corporation has been contacted by a number of interested parties, that may include a sale or sales of the Corporation's property, assets and undertaking, a financing or refinancing which may include an accompanying restructuring of the Corporation's financial and contractual obligations, or a combination of any of the foregoing. Further details of the strategic alternatives process may be communicated in the near future as part of the proposal proceedings.

A Notice of Intention is the first stage of a restructuring process under the BIA, which permits the Corporation to pursue a restructuring of its affairs. The filing of the Notice of Intention has the effect of imposing an automatic 30 day stay of proceedings ("**Stay**") that will protect the Corporation and its assets from claims and enforcement proceedings of creditors and contractual counterparties. During the Stay, subject to certain exceptions as set out in the BIA, no creditor has any remedy against the Corporation or its property and no person may terminate or amend any agreement, including a security agreement, or claim an accelerated payment, or a forfeiture of the term, under any agreement, including a security agreement, by reason only that the Corporation is insolvent or that the Notice of Intention has been filed. The initial Stay period of 30 days and may be extended by court order. There can be no assurance that the current process will result in a transaction or, if a transaction is undertaken, that it will be successfully concluded in a timely manner, or at all.

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:

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ON BEHALF OF THE BOARD

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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 for 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 cost 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.