



Avila Energy Corporation announces increase of Proven plus Probable Reserves to 30.964 million BOE valued at \$209.8 Million

Calgary, Alberta, August 22, 2022 – Avila Energy Corporation (“Avila” or the “Company”), trading symbol “CSE:VIK.CN”, announces increases of Proven plus Probable reserves to 30.964 million BOE valued at \$209.8 million.

The Company’s updated reserves evaluation (“Evaluation”) was recently completed by its independent Qualified Reserves Evaluators (“QRE”); Deloitte LLP, who was engaged to complete an evaluation of 100% of the Company’s consolidated interests in western Canada of 125,875 acres (net) of a total of 138,858 acres (gross) including 125.3 wells (net) and 126.6 wells (gross), and 4 facilities.

Based on such Evaluation, effective July 1, 2022, the consolidated reserves of the Company on a Proven plus Probable basis (2P) are 30.964 million BOE valued at \$209.8 million based on a net present value discounted by 10% before income taxes (NPV10% BT).

The Company received this independent Evaluation in accordance with the COGE Handbook from the QRE, dated August 18th, 2022. The Company’s reserves are based on an initial capital program totaling \$26.3 million to be completed on an organic basis, from the working capital and future cash flow, the upgrade of 2 facilities and the remediation of 18 wells(net). The Capital budget for the Proven Developed program is approximately \$13.3 million resulting in production growing initially to over 3,000 boe/d with a further 3,000 boe/d projected to be in service upon the completion of facilities upgrades in northeast British Columbia followed by the completion of well workovers and remediation.

Upon the completion of the aforesaid facilities upgrades and remediation of the shut-in proven developed assets, pursuant to the Evaluation, the Company is projected to be producing 6,000 boe/d (net) 95% natural gas and liquids, 5% oil, all production is based on a 6:1 gas/oil ratio (1bbl = 6 mcf) per boe. Upon the consolidation of all operations in west central Alberta and northeast British Columbia in 2022, the Company’s petroleum and natural gas reserves and associated developed mineral rights are projected by management to have a book value of approximately \$1.80 per boe including the recognition of all the Company’s asset retirement obligations (“ARO”) as defined under IFRS.

The Evaluation on an undiscounted basis determined that the Company’s future net income from its proven and probable reserves is \$436.6 million, net of the assumption of all operating costs, royalties, budgeted capital expenditures and accrued decommissioning obligations. This determination is based on an average future price of CDN \$5.46 per mcf/d for natural gas and CDN \$80.52/barrel for oil.

The Company’s natural gas, liquids and oil production are currently unhedged (and anticipated to remain so), with all future drilling programs budgeted to be funded from current and future cash-flow upon the completion of the budgeted facilities upgrades and remediation of the Company’s 18 (net) well remediation and workover program, 6 wells in Alberta and 12 wells in northeast British Columbia.

The Evaluation** completed by the QRE for the Company's assets as acquired and anticipated to be consolidated into the Company prior to yearend 2022 results in the following reserves and before tax values being assigned to the Company by the QRE:

PDP	- 4,302,100 boe with a 10% discounted NPV of	\$ 41,697,000
PD	- 20,639,000 boe with a 10% discounted NPV of	\$ 153,550,000
TP	- 22,216,000 boe with a 10% discounted NPV of	\$ 168,747,000
2P	- 30,964,000 boe with a 10% discounted NPV of	\$ 209,841,000

**Based on the QRE (Deloitte LLP) published Price Deck dated June 30, 2022, a summary of which is as follows:

- (i) The QRE prepared an independent evaluation of reserves and future net revenues derived from, the Petroleum and Natural Gas assets interests of Avila according to the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"); and
- (ii) As required, these reserves and future net revenues were estimated using forecast prices and costs (before and after income taxes) according to the requirements of National Instrument 51-101 ("NI 51-101"). The effective date of this evaluation is July 1, 2022.

The Canadian Securities Exchange ("CSE") has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

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 through the implementation of a closed system of carbon capture and sequestration and an established path underway towards the material reduction of Tier 1, Tier 2 and Tier 3 emissions continues to work towards **becoming an integrated low-cost Carbon Neutral Energy Producer**. The Company continues to grow and achieve its results by focusing on the application of a combination of proven geological, geophysical, engineering, and production techniques.

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ON BEHALF OF THE BOARD

Leonard B. Van Betuw
President & CEO

Abbreviations

bbls/d - barrels per day

boe - barrels of oil equivalent

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

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