



Avila Energy Corporation is pleased to announce the filing of its Financial Report for the Three and Six months ended June 30, 2023

Calgary, Alberta, August 29, 2023 – Avila Energy Corporation (“Avila” or the “Company” or “Avila Energy”), trading symbol “CSE:VIK.CN”, is pleased to announce the filing of its Financial Report for the Three and Six months ended June 30, 2023.

Highlights

Sales Volumes

	Three months ended June 30			Six months ended June 30		
	2023	2022	% change	2023	2022	%
Heavy oil & condensate(<i>bbls/d</i>)	17	37	(54)	19	28	(32)
Natural gas (<i>Mcf/d</i>)	2,238	580	286	2,307	656	252
Natural gas liquids (<i>bbls/d</i>)	6	12	(50)	6	10	(40)
Total (<i>boe/d</i>)	396	145	173	409	147	178
Oil and natural gas liquids %	6	34	(82)	6	26	(77)

Petroleum and Natural Gas Sales

(\$, except where noted)	Three months ended June 30			Six months ended June 30		
	2023	2022	% change	2023	2022	%
Heavy oil and condensate	139,626	370,640	(62)	338,999	537,401	(37)
Natural gas	548,695	364,149	51	1,281,913	678,039	89
Natural gas liquids	47,258	19,824	138	82,690	52,283	58
Petroleum and natural gas	735,579	754,613	(3)	1,703,602	1,267,723	34
Per boe						
Petroleum and natural gas	20.41	57.19	(64)	23.03	47.55	(52)

Avila Energy’s average production increased 173 percent to 396 boe/day for the three months ended June 30, 2023, from 145 boe/day for the three months ended June 30, 2022.

Operating Netback

(\$/boe)	Three months ended June 30			Six months ended June 30		
	2023	2022	% change	2023	2022	% change
Petroleum and natural gas sales	20.41	57.19	(64)	23.03	47.55	(52)
Royalty expenses	(1.07)	(3.77)	(72)	(2.28)	(4.41)	(48)
Production and operating expenses	(18.52)	(22.53)	(18)	(16.15)	(20.77)	(22)
Operating netback	0.82	30.89	(97)	4.60	22.37	(79)

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 97 percent to \$ 0.82 per boe for the three months ended June 30, 2023, from \$30.89 for the three months ended June 30, 2022. The decrease is mainly due to lower petroleum and natural gas sales prices in the three months ended June 30, 2023.

Avila's operating netback decreased 79 percent to \$4.60 per boe for the six months ended June 30, 2023, from \$22.37 for the six months ended June 30, 2022. The decrease is mainly due to lower petroleum and natural gas sales prices in the six months ended 2023.

Delayed turn-arounds and work-overs also contributed to the Company realizing lower production rates than what the Company is capable of producing in the 2nd Quarter. Upon the closing of the financing as announced on August 2, 2023, the Company accelerated its capital programs and is working towards exiting September 30, 2023, producing 950 boe/d and up to 1,040 boe/d, of which 8% to 10% is expected to be Oil and Condensate and the balance being 92% to 90% natural gas. These actions are expected to increase revenues, reduce the costs of production per boe, resulting in improved netbacks.

"During the second quarter, the Company was focused on the stabilization of its upstream production and cash-flow, while it completed negotiations that were concluded in the 2nd quarter with MTT. During this time the Company successfully settled of all outstanding matters associated with the patented combined-cycle micro-turbine, the "EnerTwin" developed by Micro Turbine Technologies BV. ("MTT")." said Leonard B. Van Betuw. President & CEO. "The result being the confirmation of the issuance of our 15% equity investment in MTT and by way of the signing of a settlement agreement as announced on June 26th the Company, Avila is now proceeding with renewed confidence its plans to become a sustainable Carbon Neutral Energy Producer through the development of its Vertically Integrated Energy Business."

Avila Energy Corporation's Financial Statements and Manage Discussion & Analysis are filed and can be found on SEDAR.COM or the Company's website www.avilaenergy.com for the three (3) and six (6) months ended June 30, 2023, and 2022.

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.

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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 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.