



Avila Energy Corporation is pleased to announce the Company's acceptance of an initial Financing Commitment of U.S. \$10 Million in Convertible Debentures and agreed upon Use of Proceeds in 2023

Calgary, Alberta, June 7, 2023 – Avila Energy Corporation (“Avila” or the “Company” or “Avila Energy”), trading symbol “CSE:VIK.CN”, is pleased to announce the Company’s acceptance of an initial financing commitment of U.S. \$10 Million in Convertible Debentures and agreed upon use of proceeds in 2023.

The Company over the course of the past 2 months after completing a series of meetings with qualified parties for the financing of up to U.S. \$35,000,000 in Convertible Debentures as part of its refocused plan on the balanced development of its assets in Alberta in 2023 in parallel to the development of its Vertically Integrated Energy Business has come to a decision. The results of this initial financing as announced, prior to the completion of the Business Combination and listing on the NASDAQ as agreed with Insight Acquisition Corporation and announced on April 3, 2023, solidifies it’s the foundation to move forward with the execution of its business plan in parallel to the completion of the Listing.

Avila Energy is pleased to disclose that after numerous presentations, due diligence sessions and budget meetings over the past 2 months the Company has successfully negotiated and agreed to terms and accepted an offer of U.S.\$10 million in Convertible Debentures to be priced as follows.

The financing is to be completed by way of private placement offering (i) pursuant to Section 4(a)(2) and/or Rule 506(b) of Regulation D under the US Securities Act of 1933 (the “**US Securities Act**”), as amended, or (ii) pursuant to Canada’s applicable securities laws, including Multi-National Instrument 45-106 (the “**CDN Act**”) and any and all applicable state/provincial securities laws (the “Offering”).

The Units (the “**Units**”) shall consist of consisting of (i) one 24-month convertible Unit with a stated face value of US\$1,150 per Unit, convertible in the one common share at a conversion price of US\$0.50 per share and (ii) a two-year warrant (the “**Warrant**”) representing the right to purchase one (1) share of the Company’s common stock (“**Common Stock**”) for every dollar of the purchase price of the Unit at an exercise price of US\$0.50/share.

The financing is anticipated to close promptly after completing all required legal documentation which are customary with a similar type of investment.

“The Company is pleased to accept the offer as negotiated, this financing funds takes into consideration all our short-term financing requirements, prior to entering into the Business Combination Agreement in April with Insight Acquisition Corp (NASDAQ:INAQ)”. Upon completion of the financing, I look forward to unleashing the potential of the business plan in North America as outlined in the Company’s Presentation that is available on its website.” Said Leonard B. Van Betuw, President, Director and CEO.

The Company’s operations in Alberta have not been directly affected by the wildfires in Alberta but has taken the position of taking extreme caution in light of the very dry conditions that exist in the area.



Currently the operation is completing facilities turn-arounds and budgeting prior to starting the capital programs that will bring the Company's production up to 1,000 boe/d of which 15% is anticipated to be (150 bbls per day) oil and condensate, with the balance being natural gas and liquids.

<u>Use of Proceeds - 2023</u>	<u>US \$</u>
Vertically Integrated Energy Business⁽¹⁾	\$ 2,300,000
Capital Program⁽²⁾ and Working Capital - West Central Alberta	\$ 1,700,000
Capital Program⁽²⁾ – East and West Central Alberta (~1,750 boe/d)	\$ 4,000,000
Business Combination, Legal, and Associated Accounting Services	\$ 1,000,000
Vertically Integrated Energy Business – Initial Sales and Installations	\$ 1,000,000
Total	\$ 10,000,000

(1) The Company in the 1st half of 2023 has been continually having to adapt to change by addressing to the abrupt unanticipated transition from high Natural Gas prices of over CDN\$5.00 per mcf in 2022 to the recent prices of under CDN\$2.50 per mcf in 2023. As part of this transition, there has been the delay in the ramp-up of the Vertically Integrated Energy Business. Therefore, despite best efforts from time-to-time, part of this transition has been on-going negotiations with Micro Turbine Technology ("MTT"). The Company recently attended meetings in Eindhoven in the Netherlands and acknowledged that there have been some delays and despite our differences can confirm, that upon delivery of the outstanding payments to MTT that are within the budget noted above, it will have fulfilled its obligations and will be back on track. ' Despite our legal differences on the interpretation of both parties' contractual engagements, once Avila's financial commitments have been honoured with MTT, it will have cured MTT's Default Notice and be current on all its financial obligations towards MTT. Accordingly, Avila looks forward to ramping up its previously announced Vertically Integrated Energy Business in the course of 2023.

(2) Details for the Company's Capital Program is outlined within its Corporate Presentation that can be found on its website www.avilaenergy.com

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 and the direct sale of energy to both residential and commercial consumers.

For further information,
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ON BEHALF OF THE BOARD

Leonard B. Van Betuw
President & CEO

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.