

FORM 10

NOTICE OF PROPOSED SIGNIFICANT TRANSACTION (not involving an issuance or potential issuance of a listed security)¹

Name of Listed Issuer: **Avila Energy Corporation** (the "Issuer").

Trading Symbol: **CSE:VIK.CN**

Issued and Outstanding Securities of the Issuer Prior to Transaction: **141,889,918**

Date of News Release Fully Disclosing the Transaction: **July 5, 2023**

1. Transaction

1. Provide details of the transaction including the date, description and location of assets, if applicable, parties to and type of agreement (eg: sale, option, license, contract for Investor Relations Activities etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

The Issuer has agreed to borrower by way of a loan (indenture) the amount of three million dollars (CDN \$3,000,000) for two years. Interest only paid monthly at annual rate of 12% and an additional administrative fee of 10% accrued annual to be paid at the time of repayment. The Issuer can elect to make partial repayments or in whole on the principle without penalty. The parties will also endeavour to enter into a general security agreement on the Issuer's assets.

2. Provide the following information in relation to the total consideration for the transaction (including details of all cash, non-convertible debt securities or other consideration) and any required work commitments:

- (a) Total aggregate consideration in Canadian dollars: **\$3,000,000.**
- (b) Cash: **Loan, 12% annual interest and a 10% administration fee.**
- (c) Other: **no other considerations.**
- (d) Work commitments: **nil.**

¹ If the transaction involved the issuance of securities, other than debt securities that are not convertible into listed securities, use Form 9.

3. State how the purchase or sale price and the terms of any agreement were determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

Upon making a request to an arms-length Lender terms were exchanged and agreed upon. The terms were reviewed by the Board of Directors of the Issuer and considered to be reasonable and within the context of the market for a Issuer the size of Avila Energy Corporation.

4. Provide details of any appraisal or valuation of the subject of the transaction known to management of the Issuer:

The transaction is an all-cash transaction in Canadian dollars. No appraisal or valuation was conducted.

5. If the transaction is an acquisition, details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:

No acquisition was made.

6. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the transaction (including warrants, options, etc.):

- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the transaction (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):

The President & CEO Leonard B. Van Betuw of the Issuer is to be paid a monthly fee as part of his obligation to provide to the Lender a Personal Guarantee for the Loan of \$3,000,000. The fee of 0.25% is to be calculated on the principle amount outstanding at the end of each month and it is expected to be paid in cash.

- (b) Cash: **see above.**

- (c) Other

7. State whether the vendor, sales agent, broker or other person receiving compensation in connection with the transaction is a Related Person or has any other relationship with the Issuer and provide details of the relationship.

President & CEO of the Issuer.

If applicable, indicate whether the transaction is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. **Not applicable.**

2. Development

Provide details of the development. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: **Not applicable.**

3. Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. To the knowledge of the Issuer, at the time an agreement in principle was reached, no party to the transaction had knowledge of any undisclosed material information relating to the Issuer, other than in relation to the transaction.
3. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
4. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
5. All of the information in this Form 10 Notice of Proposed Significant Transaction is true.

Dated July 5, 2023.

Leonard B. Van Betuw

President & CEO

Leonard B. Van Betuw _____
Name of Director or Senior Officer

“Leonard B. Van Betuw”

Signature

President CEO & Director
Official Capacity