

Closing Procedure Established Agreement of Purchase and Sale

CALGARY, AB / ACCESSWIRE / August 11, 2022 / Avila Energy Corporation ("Avila" or the "Company") is pleased to announce that it has established the closing procedure (the "Calgary, Alberta, August 11, 2022 - Avila Energy Corporation ("Avila" or the "Company") is pleased to announce that it has established the closing procedure (the "**Closing Procedure**") respecting the transaction (the "**Transaction**") set forth in its Agreement of Purchase and Sale with 611890 ALBERTA INC. DBA AVILA ENERGY ("**611**") dated June 23, 2022 (the "**PSA**").

Pursuant to the Closing Procedure:

- (a) Prior to the closing of the Transaction (the "**Closing**"), Avila shall acquire 74,440,000 Class "E" preferred shares from certain shareholders (the "**Vending Shareholders**") of 611 (the "**Exchange Shares**") by acquisition agreements (the "**Shareholder Acquisition Agreements**").
- (b) The Shareholder Acquisition Agreements shall utilize the section 85 rollover provisions of the Income Tax Act (Canada), where available.
- (c) Pursuant to the Shareholder Acquisition Agreements, Avila will issue to the Vending Shareholders: (i) **44,440,000** common shares of Avila (the "**611 Shareholders' Purchase Price Common Shares**"); and (ii) 30,000,000 convertible preferred shares of Avila (the "Convertible Shares") issued, and convertible, at a price of \$0.80 per share (the "**Conversion Price**") into common shares of Avila.
- (d) Pursuant to the Shareholder Acquisition Agreements, it will be agreed that the 611 Shareholders' Purchase Price Common Shares and the Convertible Shares may be subject to such tradability restrictions acceptable to 611, in its sole, absolute and unfettered discretion.
- e) Pursuant to the Shareholder Acquisition Agreements, the Vending Shareholders shall comply with all the requirements of the regulatory authorities respecting the issuance of the Exchange Shares by Avila and the receipt thereof by the Vending Shareholders.
- (f) The Shareholder Acquisition Agreements shall contain the standard representations by the Vending Shareholders for agreements such as the Shareholder Acquisition Agreements, including without limitation, that the Exchange Shares are free and clear of encumbrances and that the Vending Shareholders are able to sell the same to Avila without any restriction.
- (g) In accordance with the PSA, on Closing, 611 has irrevocably agreed to accept the delivery of the Exchange Shares from Avila for surrender and cancellation as payment in full of the purchase price for the assets being purchased from 611 by Avila pursuant to the Transaction. The PSA can be found on SEDAR under "other material contracts" filed on August 11, 2022.

As the PSA constitutes an arrangement under section 193(1)(e) of the Business Corporations Act (Alberta). This transaction also constitutes a related party transaction and must abide by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). This transaction would also constitute a Fundamental Change, as such term is

defined in Policy 8 of the Canadian Securities Exchange (the "CSE") Policies. Avila is scheduled to hold on August 31, 2022 its special meeting of shareholders to vote on this transaction pursuant to the Business Corporations Act (Alberta), MI 61-101 and CSE policies.

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.

For further information, please contact:

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ON BEHALF OF THE BOARD

Leonard B. Van Betuw
President & CEO

All statements contained in this press release about anticipated future events constitute forward-looking statements. Forward looking statements are often, but not always, identified by the use of words such as "anticipate" and "expect". Forward-looking statements are subject to business risks and uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. The Company does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change except as required by applicable laws. Investors should not place undue reliance on forward-looking statements.

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE: Avila Energy Corporation