



COURT FILE NUMBER 25-3131451
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED

COM
Oct 18, 2024

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF AVILA
ENERGY CORPORATION

DOCUMENT FIRST REPORT OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
AVILA ENERGY CORPORATION

October 10, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

PROPOSAL TRUSTEE

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FIRST REPORT OF THE PROPOSAL TRUSTEE

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INTRODUCTION

1. On September 20, 2024 (the "**Filing Date**"), Avila Energy Corporation ("**Avila**" or the "**Company**"), a public corporation listed on the Canadian Stock Exchange (CSE:VIK.CN) filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the Bankruptcy and Insolvency Act (Canada) ("**BIA**"). Attached as Appendix "A" hereto is the Certificate of Filing of a Notice of Intention to Make a Proposal issued by the Office of the Superintendent of Bankruptcy.
2. FTI Consulting Canada Inc. ("**FTI**") consented to act as proposal trustee (the "**Proposal Trustee**") in the NOI proceedings of Mantle (the "**Proposal Proceedings**").
3. This first report of the Proposal Trustee (the "**First Report**") is being delivered in connection with the Company's application currently scheduled to be heard on October 18, 2024 (the "**October 18 Application**"), seeking an Order from the Court of King's Bench of Alberta (the "**Court**"), among other things:
 - a. extending the stay of proceedings for Avila to December 4, 2024 (the "**Stay Period**").
4. Electronic copies of all materials filed by the Company in connection with the October 18 Application and other statutory materials are available on the Proposal Trustee's website at: <http://cfcanada.fticonsulting.com/avilaenergy/>.

PURPOSE

5. FTI, in its capacity as Proposal Trustee, has reviewed the Court materials filed by the Company in support of the October 18 Application. The purpose of this First Report is to provide information and analysis to this Honourable Court pertaining to:

- a. the Company, the circumstances surrounding the commencement of these Proposal Proceedings and the main objectives of these Proposal Proceedings;
- b. the Company's operations, assets and creditors;
- c. the status of these Proposal Proceedings;
- d. a summary of the actual cashflow since the Filing Date to October 6, 2024, compared to the cash flow forecast filed with the Office of the Superintendent of Bankruptcy at the commencement of these Proposal Proceedings (the “**Cash Flow Statement**”);
- e. the Company's revised cash flow statement (the "**Second Cash Flow Statement**") for the period commencing on September 30, 2024 ending December 8, 2024;
- f. the Company's requested relief including:
 - i. an extension to the Stay Period; and
- g. the Proposal Trustee's conclusions and recommendations.

TERMS OF REFERENCE

6. In preparing this First Report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
7. Except as described in this First Report:

- a. the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
 - b. the Proposal Trustee has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
 - c. future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

OBJECTIVES

9. The Company's primary objectives in these Proposal Proceedings is to:
- a. ensure the Company has the necessary stability to maintain operations while it works to comply with eligibility requirements from the Alberta Energy Regulator (“**AER**”); and
 - b. allowing the Company sufficient time to raise capital (the “**Capital Raise**”) to fund a proposal to its creditors (the “**Proposal**”).
10. The Company intends to move through these Proposal Proceedings with the goal of stabilizing operations and sufficiently proving its production in order to complete the Capital Raise and gain sufficient liquidity to fund the Proposal.

BACKGROUND

11. Further information with respect to the Company's business, operations and causes of financial difficulty are outlined in the Affidavit of Donald Benson filed on October 7, 2024 (the “**Benson Affidavit**”). The information contained in this First Report provides a summary of the Company's business and affairs.
12. Avila is publicly listed on the Canadian Stock Exchange and is in the oil and gas production business. Avila owns approximately 125,875 acres (net) of develop and undeveloped mineral rights in Canada.
13. Avila in was incorporated on December 3, 2021, following undertaking a legal name change from its predecessor Petro Viking Energy Inc.

HISTORICAL FINANCIAL AND OPERATING RESULTS

14. The Proposal Trustee has reviewed the Company's draft unaudited financial statements for the six months ending June 30, 2024. In the six months ending June 30, 2024, the Company incurred an operating loss of approximately \$1.9 million. The table below presents a summary of the Company’s balance sheet as at June 30, 2024.

Balance Sheet	
(C\$ 000s)	Jun-24
Assets	
Current assets	
Cash	\$ 2
Accounts receivable	48
Prepays and deposits	82
Total - Current assets	132
Non-current assets	
Property and equipment	26,540
Right-of-use assets	107
Investment	3,565
Intangible assets	2,155
Assets under development	2,072
Total - Assets	\$ 34,571
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	5,452
Lease liabilities	16
Promissory note	600
Interest payable on convertible debentures	368
Total - Current liabilities	6,436
Non-current liabilities	
Lease liabilities	83
Decommissioning liability	2,819
Term loan	3,000
Loans payable	285
Trade payable	5,994
Convertible debentures	4,028
Total - Liabilities	22,646
Shareholders' equity	
Share capital	58,392
Contributed surplus	4,710
Convertible debentures	1,174
Retained deficit	(52,351)
Total - Liabilities and Shareholders' equity	\$ 34,571

15. The Company's main asset is its oil and natural gas properties and equipment.
16. Included in the Company's assets is an investment in a private company in which the Company holds a 15% interest by way of non-voting shares.

17. The Proposal Trustee understands that as at June 30, 2024, the book value of the Company's assets and liabilities were approximately \$34.5 million and \$22.6 million, respectively.

CREDITORS

18. Avila has the following major creditors:
- a. A secured term loan with an aggregate principal amount of approximately \$3.4 million owed to by Marc Girouard Investments Inc. (the "**Secured Lender**"); and
 - b. \$500,000 in secured indebtedness owed to Aved Capital Corp.; and
 - c. A long term trade payable in the amount of \$6.0 million owed to QVB Energy.
19. As at the Filing Date, Avila's total secured indebtedness is approximately \$3.9 million and unsecured indebtedness is approximately \$16.0 million.
20. Avila has judgements registered at the Alberta Personal Property Registry of approximately \$387,000, certain of which have been paid, but are yet to be discharged.

OPERATIONS

21. The Proposal Trustee understands that the Company has been able to come to an agreement with Avila Exploration and Production ("**AVEX**") for the purchase of the shares of AVEX which will facilitate the inclusion of the Licenses into the operations of the Company. Further, the Company and AVEX are in the process of completing an amalgamation which will complete the transfer of the Licenses into Avila's name. Based on this agreement, the Company is currently in the process of restarting certain of its shut-in production in the month of October 2024. This will result in the Company beginning to receive production revenue in the month of November 2024.

CAUSES OF FINANCIAL DIFFICULTY

22. The Company began to take concerted efforts to complete the transfer of the Licenses in 2024 but have not been able to satisfy the AER's eligibility requirements and have been unsuccessful in having the Licenses transferred into the name of Avila. The unexpected delays in the transferring of the Licenses from AVEX have caused the Company to be unable to operate these properties. Since purchasing the Licenses, the Company has not commenced production of any of the wells associated with the Licenses and therefore has had no production revenue to fund operations.
23. The Company has been working to satisfy the AER obligations and incurring expenses, however with no production revenue it recently has experienced a liquidity crunch and is unable to meet its obligations as they became due.

PROPOSAL PROCEEDINGS

24. The Company's main objective in these Proposal Proceedings is to satisfy the transfer requirements of the AER with respect to the Licenses and successfully have the Licenses transferred into the Company's name.
25. The alternative would be a bankruptcy. These Proposal Proceedings will allow the Company to work to respond to the AER's requirement requests which the Company believes it can satisfy and thereafter complete the Capital Raise to provide liquidity for its operations and present its creditors with a proposal to exit these Proposal Proceedings.

CASH FLOW STATEMENT

VARIANCE ANALYSIS

26. On September 30, 2024, management of the Company, in consultation with the Proposal Trustee, prepared the Cash Flow Statement for the period ending November 10, 2024, which was filed with Official Receiver and is attached as Appendix "B" to this Report.

27. The Company's actual cash flows in comparison to those contained in the Cash Flow Statement forecast for the period of September 22 to October 5, 2024 are summarized below:

2 Week Period ending Sep 29, 2024			
(CAD\$)	Actual	Forecast	Variance
Receipts			
Net production revenue	\$ -	\$ -	\$ -
Other receipts	-	-	-
Insurance Refund	-	-	-
Total - Receipts	\$ -	\$ -	\$ -
Disbursements			
Royalties	\$ -	\$ -	\$ -
Transportation costs	-	-	-
Operating expenses	-	-	-
Capex	-	-	-
Salaries & Benefits	8,581	-	8,581
Consulting Fees (CEO/CF0)	6,750	-	6,750
Insurance	-	-	-
Professional fees	-	-	-
Miscellaneous	3,456	-	3,456
Total - Disbursements	18,786	-	18,786
Net Cash Flow	\$ (18,786)	\$ -	\$ (18,786)
CASH			
Beginning Balance	118,877	118,877	-
Net Cash Inflows / (Outflows)	(18,786)	-	(18,786)
ENDING CASH	\$ 100,091	\$ 118,877	\$ (18,786)

28. The Cash Flow Statement did not contemplate any payments in the first two weeks of the forecast period. The payments that were made and resulting variances to the Cash Flow Statement are as follows:

- a. Payments of \$8,500 and \$6,750 relating to Salaries & Benefits and Consulting Fees, respectively, were originally forecast to be paid in week three and are a temporary variance due to timing; and
 - b. \$3,500 in payments of Miscellaneous expenses relate to unexpected costs and the variance will be permanent.
29. The Company in consultation with the Proposal Trustee, has prepared the Second Cash Flow Statement to estimate the Company's liquidity for the period from October 6, 2024, to December 8, 2024 (the "**Forecast Period**"), a summary of which is included below. A copy of the Second Cash Flow Statement is attached hereto as Appendix "C".

Second Cash Flow Statement	Total
Receipts	
Net production revenue	\$ 94,800
Other receipts (mid-stream revenues)	34,000
Insurance Refund	60,000
Total - Receipts	188,800
Disbursements	
Royalties	5,015
Transportation costs	1,666
Operating expenses	33,800
Contract operator	14,000
Capex	40,000
Salaries & Benefits	10,000
Consulting Fees (CEO/CF0)	16,500
Insurance	20,000
Professional fees	35,390
Miscellaneous	9,040
Total - Disbursements	185,411
Net cash flow	3,389
Opening cash	100,091
Ending cash	\$ 103,480

30. The Second Cash Flow Statement projects the Company will have positive net operating cash flow of approximately \$3,000 over the Forecast Period, including:

- a. total receipts of approximately \$189,000, primarily relating to the collection of production revenue, mid-stream revenue and a refund from its insurance provider; and
 - b. operating disbursements of approximately \$185,000 million, primarily relating to oil and gas operating expenses, employee expenses including consultants, insurance premiums and professional fees.
31. The Second Cash Flow Statement shows an ending cash balance at December 8, 2024 of approximately \$103,000.
32. The Second Cash Flow Statement contemplates the following:
- a. receipts relating to production revenue following the restating of wells in mid-October, mid-stream revenue following the Company's facility coming back online and an insurance refund which is expected to be received now that delinquent reports have now been filed; and
 - b. production expenses including, royalties, transportation costs, operating costs and contract operator expenses which stem from the Company restarting well production and its mid-stream facility in the month of October;
 - c. capital expenditures relating to work being completed in connection with the restarting of wells and the Company's mid-stream facility;
 - d. employees' salaries and benefits, consultant fees and miscellaneous expenses related required to operate the business and support its field production including accounting and administrative duties;
 - e. insurance expenses for policies required for operations; and

- f. professional fees for the Proposal Trustee, the Proposal Trustee’s counsel and the Company’s counsel.

- 33. The Second Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out in the notes to the Second Cash Flow Statement, including assumptions that goods and services incurred after the Filing Date are paid when incurred.

- 34. The Proposal Trustee’s review of the Second Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by the Company. Since probable and hypothetical assumptions need not be supported, the Proposal Trustee’s procedures were limited to evaluating whether they were consistent with the purpose of the Second Cash Flow Statement, and there are no material assumptions contained therein which seem unreasonable in the circumstances.

- 35. Based on the Proposal Trustee’s review, as at the date of this First Report, nothing has come to its attention that causes it to believe that, in all material respects:
 - a. the probable and hypothetical assumptions are not consistent with the purpose of the Second Cash Flow Statement; and

 - b. the probable and hypothetical assumptions developed by the Company are not supported and consistent with the plan of the Company or do not provide a reasonable basis for the Second Cash Flow Statement.

BIA CHARGES

ADMINISTRATIVE CHARGE

- 36. The materials filed by the Company in support of the October 18 Application, included a charge in favour of the Proposal Trustee, counsel to the Proposal Trustee, and counsel to Avila (collectively, the “**Administrative Professionals**”) in the amount of \$350,000

(“**Administrative Charge**”), which would have priority over all other claims against the Company, statutory or otherwise, as security for the fees and disbursements of the Administrative Professionals incurred both before and after the Filing Date in respect of the Proposal Proceedings.

37. Subsequent to the Company filing its materials, the Company advised the Proposal Trustee that the Secured Lender objected to the Administrative Charge. The Company, the Company’s counsel and the Proposal Trustee have had further discussions on this matter and agreed for the Administrative Charge to be removed from the relief being requested by the Company at the October 18 Application.

STAY EXTENSION

38. The stay of proceedings expires on October 20, 2024. At the October 18 Application, the Company is requesting an extension of the stay of proceedings to December 4, 2024.
39. The Proposal Trustee is of the view that the requested extension of the stay of proceedings is appropriate pursuant to section 50.4(9) of the *BIA* for the following reasons:
 - a. the Company and its management are acting in good faith and with due diligence in taking steps to continue the operations of the business;
 - b. the extension of the Stay Period should allow sufficient time for the Company to continue to respond to the AER’s requests to satisfy the eligibility requirements with respect to the transferring of the Licenses;
 - c. the Second Cash Flow Statement indicates that the Company will have sufficient liquidity to continue to fund operations and the cost of the Proposal Proceedings to December 8, 2024; and

- d. the continued operations of the Company are for the benefit of and will not materially prejudice any creditor as it will allow the Company to work towards successfully receiving a transfer of the Licenses which will allow the Company to complete the Capital Raise and make a proposal to its creditors.

PROPOSAL TRUSTEE'S RECOMMENDATIONS

40. The Proposal Trustee respectfully recommends that this Honourable Court grant the Company's request for:
 - a. extension of the Stay Period to December 4, 2024.

All of which is respectfully submitted this 10th day of October 2024.

FTI Consulting Canada Inc., in its capacity as
the Proposal Trustee of
Mantle Materials Group Ltd.
and not in its personal or corporate capacity



Dustin Olver, CA, CPA, CIRP, LIT
Senior Managing Director
FTI Consulting Canada Inc.

Appendix A



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3131451
Estate No. 25-3131451

In the Matter of the Notice of Intention to make a proposal of:

Avila Energy Corp

Insolvent Person

Licensed Insolvency Trustee

Date of the Notice of Intention:

September 20, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: September 23, 2024, 09:39

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

Appendix B

Avila Energy Corporation

Projected Cash Flow Statement for the period ending September 20 to November 10, 2024

Cash Flow Statement	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Total	Notes
(C\$ 000s)	Week Ending	27 Sep	29 Sep	6 Oct	13 Oct	20 Oct	27 Oct	3 Nov	10 Nov	
Receipts										
Net production revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other receipts	-	-	-	-	-	-	-	-	-	
Insurance Refund	-	-	-	-	60,000	-	-	-	60,000	1
Total - Receipts	-	-	-	-	60,000	-	-	-	60,000	
Disbursements										
Royalties	-	-	-	-	-	-	-	-	-	
Transportation costs	-	-	-	-	-	-	-	-	-	
Operating expenses	-	-	-	-	-	-	-	-	-	
Capex	-	-	-	-	-	-	-	-	-	
Salaries & Benefits	-	-	11,360	-	-	-	5,680	-	17,040	2
Consulting Fees (CEO/CFO)	-	-	6,500	-	1,500	-	6,500	-	14,500	3
Insurance	-	-	-	-	-	-	20,000	-	20,000	4
Professional fees	-	-	40,000	-	-	-	-	-	40,000	5
Miscellaneous	-	-	3,000	-	-	-	3,000	-	6,000	6
Total - Disbursements	-	-	60,860	-	1,500	-	35,180	-	97,540	
Net cash flow	-	-	(60,860)	-	58,500	-	(35,180)	-	(37,540)	
Opening cash	118,877	118,877	118,877	58,017	58,017	116,517	116,517	81,337	118,877	
Ending cash	\$ 118,877	\$ 118,877	\$ 58,017	\$ 58,017	\$ 116,517	\$ 116,517	\$ 81,337	\$ 81,337	\$ 81,337	

Avila Energy Corporation
Per: Donald Bonson, CEO

Avila Energy Corporation
Per: Lars Glimhagen, CFO

FTY CONSULTING CANADA INC, TRUSTEE UNDER THE NOTICE
OF INTENTION TO MAKE A PROPOSAL
Per: Dustin Olver, SMD

Notes:

Management of Avila Energy Corporation has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Avila Energy Corporation during the period of September 20, 2024 to November 10, 2024. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-6. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1 Insurance refund is based on two reporting policies for previous 4 years that have not been previously filed.
- 2 Salaries & Benefits relate to two employees for accounting and administrative duties.
- 3 Consulting fees relate to the CEO and CFO on contract.
- 4 Insurance relates to the initial payment on new all-inclusive insurance policy.
- 5 Professional fees includes estimates for the proposal trustee, proposal trustee's legal counsel and Avila Energy Corporation's legal counsel.
- 6 Miscellaneous expenses relate to other costs not categorized above such as the company's share transfer agent, monthly charges for technical support plans and any other general administrative costs not readily identified.

Avila Energy Corporation

Projected Cash Flow Statement for the period s ending September 20 to November 10, 2024

Cash Flow Statement (C\$ 000s)	Week 1 22-Sep	Week 2 29-Sep	Week 3 6-Oct	Week 4 13-Oct	Week 5 20-Oct	Week 6 27-Oct	Week 7 3-Nov	Week 8 10-Nov	Total	Notes
Receipts										
Net production revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other receipts	-	-	-	-	-	-	-	-	-	
Insurance Refund	-	-	-	-	60,000	-	-	-	60,000	1
Total - Receipts	-	-	-	-	60,000	-	-	-	60,000	
Disbursements										
Royalties	-	-	-	-	-	-	-	-	-	
Transportation costs	-	-	-	-	-	-	-	-	-	
Operating expenses	-	-	-	-	-	-	-	-	-	
Capex	-	-	-	-	-	-	-	-	-	
Salaries & Benefits	-	-	11,360	-	-	-	5,680	-	17,040	2
Consulting Fees (CEO/CFO)	-	-	6,500	-	1,500	-	6,500	-	14,500	3
Insurance	-	-	-	-	-	-	20,000	-	20,000	4
Professional fees	-	-	40,000	-	-	-	-	-	40,000	5
Miscellaneous	-	-	3,000	-	-	-	3,000	-	6,000	6
Total - Disbursements	-	-	60,860	-	1,500	-	35,180	-	97,540	
Net cash flow	-	-	(60,860)	-	58,500	-	(35,180)	-	(37,540)	
Opening cash	118,877	118,877	118,877	58,017	58,017	116,517	116,517	81,337	118,877	
Ending cash	\$ 118,877	\$ 118,877	\$ 58,017	\$ 58,017	\$ 116,517	\$ 116,517	\$ 81,337	\$ 81,337	\$ 81,337	

Avila Energy Corporation
Per: Donald Benson, CEO

FTI CONSULTING CANADA INC., TRUSTEE UNDER THE NOTICE
OF INTENTION TO MAKE A PROPOSAL
Per: Dustin Olver, SMD

Avila Energy Corporation
Per: Lars Glimhagen, CFO

Notes:

Management of Avila Energy Corporation has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Avila Energy Corporation during the period of September 20, 2024 to November 10, 2024. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-6. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1 Insurance refund is based on two reporting policies for previous 4 years that have not been previously filed.
- 2 Salaries & Benefits relate to two employees for accounting and administrative duties.
- 3 Consulting fees relate to the CEO and CFO on contract.
- 4 Insurance relates to the initial payment on new all-inclusive insurance policy.
- 5 Professional fees includes estimates for the proposal trustee, proposal trustee's legal counsel and Avila Energy Corporation's legal counsel.
- 6 Miscellaneous expenses relate to other costs not categorized above such as the company's share transfer agent, monthly charges for technical support plans and any other general administrative costs not readily identified.

Appendix C

Avila Energy Corporation

Projected Cash Flow Statement for the period s ending September 30 to December 8, 2024

Second Cash Flow Statement	Forecast Week 1	Forecast Week 2	Forecast Week 3	Forecast Week 4	Forecast Week 5	Forecast Week 6	Forecast Week 7	Forecast Week 8	Forecast Week 9	Forecast Week 10	Forecast Total	Notes
Week Ending	6-Oct	13-Oct	20-Oct	27-Oct	3-Nov	10-Nov	17-Nov	24-Nov	1-Dec	8-Dec		
Receipts												
Net production revenue									\$ 94,800		\$ 94,800	1
Other receipts (mid-stream revenues)									34,000		34,000	2
Insurance Refund				60,000							60,000	3
Total - Receipts	-	-	-	60,000	-	-	-	-	128,800	-	188,800	
Disbursements												
Royalties									5,015		5,015	4
Transportation costs									1,666		1,666	5
Operating expenses									33,800		33,800	6
Contract operator					6,000				8,000		14,000	7
Capex				30,000					10,000		40,000	8
Salaries & Benefits				5,000					5,000		10,000	9
Consulting Fees (CEO/CF0)		1,500		6,750			1,500		6,750		16,500	10
Insurance				20,000							20,000	11
Professional fees		15,390							20,000		35,390	12
Miscellaneous	3,040			3,000					3,000		9,040	13
Total - Disbursements	3,040	16,890	-	64,750	6,000	-	1,500	-	93,231		185,411	
Net cash flow	(3,040)	(16,890)	-	(4,750)	(6,000)	-	(1,500)	-	35,569		3,389	
Opening cash	100,091	97,051	80,161	80,161	75,411	69,411	69,411	67,911	67,911		100,091	
Ending cash	\$ 97,051	\$ 80,161	\$ 80,161	\$ 75,411	\$ 69,411	\$ 69,411	\$ 67,911	\$ 67,911	\$ 103,480		\$ 103,480	

Donald Benson

Donald Benson (Oct. 10, 2024, 13:11 CDT)

Avila Energy Corporation

Per: Donald Benson, CEO

Lars Glimhagen

Avila Energy Corporation

Per: Lars Glimhagen, CFO

Dustin Olver

FTI CONSULTING CANADA INC., TRUSTEE UNDER THE NOTICE

OF INTENTION TO MAKE A PROPOSAL

Per: Dustin Olver, SMD

Notes:

Management of Avila Energy Corporation has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Avila Energy Corporation during the period of September

30, 2024 to December 8, 2024. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-13. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1 Based on production of 39,200 bbl during Weeks 5 & 6 to be received during Week 10. The production of Oil & NGL commences on or about October 15th. Revenue from this production will be received on November 25th. The wells have been shut-in since March 22, 2024 due to delays in the transfer of well licenses from AVEX to Avila.
- 2 Based on mid-stream processing for weeks 5 & 6 received during Week 10. The facility was shut-in due to contamination by the customer's gas entering the facility. This is being resolved by the customer, Nordcon.
- 3 Insurance refund is based on two reporting policies for previous 4 years that have not been previously filed.
- 4 Royalties from production during Weeks 5 & 6 and will be paid from proceeds on November 25th.
- 5 Transportation costs during Weeks 5 & 6 for transporting product to be paid to the trucking company on November 24th.
- 6 Operation costs for production during Weeks 5 & 6 includes other operating costs other than the contract operator and transporting.
- 7 Contract operator costs relate to the company's sole operator for managing all wells, pipelines and facilities operated by the company.
- 8 Capex refers to the repairing and maintenance of the wells and facilities to resume production and revenue.
- 9 Salaries & Benefits relate to two employees for accounting and administrative duties.
- 10 Consulting fees relate to the CEO at \$1,500 bi-weekly) and CFO at \$5,000 plus GST paid monthly.
- 11 Insurance relates to the initial payment on new insurance policy.
- 12 Professional fees include estimates for the proposal trustee, proposal trustee's legal counsel and Avila Energy Corporation's legal counsel.
- 13 Miscellaneous expenses relate to other costs not categorized above such as the company's share transfer agent, monthly charges for technical support plans and any other general administrative costs not readily identified.