



## **Petro Viking Energy Inc. announces the execution of a binding agreement to acquire 100% of Avila Energy’s interests in West Central Alberta for \$50,664,000 and the subsequent name change of the Corporation to Avila Energy**

**Calgary, Alberta, June 14, 2021 – Petro Viking Energy Inc. (“Petro Viking” or the “Company”)** is pleased to announce the proposed asset purchase of 100% of Avila’s interests in 53,835 Acres, 43,935 Acres (Net), of mineral rights, associated wells, pipelines and facilities for the purchase price of \$50,664,000 CAD.

The Purchase Price for the Acquisition is being satisfied by way of the issuance of 44,440,000 Class A common shares (the “**Common Shares**”) at \$0.60 per share and 30,000,000 convertible preferred shares (the “**Convertible Shares**”) convertible at a price of \$0.80 per share. The Convertible Shares shall have a term of five years (5) and earn an accruing annual dividend at a rate of two percent (2%), payable upon conversion. The Conversion of the Convertible Shares at the election of the holder can only occur after one of three milestones has been achieved: a) the Company exceeds the production rate of 3,000 boe/d, b) the Common Shares trade at a volume weighted average price (VWAP) of more than \$1.00 per share for twenty (20) consecutive business days or c) the second year anniversary since the issuance of the Common Shares has occurred. At maturity upon the fifth anniversary of their issuance, the Convertible Shares shall automatically be redeemed on a 1:1 basis along with any accrued dividends by the issuance of Common shares.

Closing is anticipated to occur on or before October 31, 2021, subject to the execution of a comprehensive purchase and sale agreement for the assets and remains subject to the execution of an all related applications and approvals necessary as would be customary within the industry in parallel to submission of all necessary applications and approvals including shareholders and the Canadian Stock Exchange.

Petro Viking in May commissioned Deloitte LLP to complete an interim independent evaluation of its current reserves to include the current production plus 4 proven and 2 probable drilling locations; 6 wells of a potential 15 well locations. Further to the completion of this work as announced on June 1, 2021 the Company commenced a further review and evaluation of the Joint Ventures’ business plan which included over 50 existing wells and 150 additional proven locations operated by Avila Energy. The Management and Directors determined that if Avila was interested they would agree to acquire 100% of the assets of Avila owned and operated in West Central Alberta. It became apparent to both management and Avila that the acquisition would be in the best interest of both Parties to facility the rapid implementation of the Business Plan to the full benefit of the shareholders of both Companies.

Leonard Van Betuw, President and CEO of Avila Energy commented, “We are very pleased with the outcome of the review of our partnership for the past years. We are now about to unleash the full potential of a very deliberate plan of becoming a Carbon Neutral Energy Producer that was envisioned over 5 years ago by Avila.”

“The multiple horizons of proven prospective geological zones, installed pipelines and facilities are now converging on a plan for becoming a full cycle economic dynamo for Carbon Neutral Energy Production.” said Daniel Lucero on behalf of the Board of Directors of Petro Viking.

Summary of the Industry Metrics that form the foundation for the purchase price of \$50,664,000 are as follows;

- Production of approximately 2,000 boe/d on closing with proven development plans underway to exit 2021 at rate of 3,000 boe/d by December 31, from approximately 60 wells with an average production rate of 50 boe/day of low decline of less than 10% from low cost conventional operations; purchased for \$16,888 per flowing boe.
- Exiting 2021 capable of generating Net Income of \$23.90 per boe or \$26,170,500 per year; < 2X Net Income.
- 43,935 acres (net) Mineral Rights containing multiple prospective geological targets including the Belly River, Spirit River (Rex) Mannville, Ellerslie, Wabamum and Duvernay with over 150 identified drilling locations; purchased for \$1,153 per acre.
- Total Proven Reserves of 15.3 million boe valued @ NPV10% \$152,803,300; purchased for \$3.31 per boe.
- Total Proven + Probable of 28.0 million boe valued @ NPV10% \$326,826,800; purchased for \$1.81 per boe.
- Owner and Operator of 50 productive wells, more than 200 kilometers of pipelines and 3 facilities.
- Decommissioning liabilities of less than \$4,000,000 with limited obligations in the following 5 years.

Prior to closing the Company will be seeking approval as deemed necessary for the completion of the Acquisition and the formal change of its name to Avila Energy and the appointment of Leonard B. Van Betuw as a Director, and as the President and CEO of the Company. The Company will be fully embracing the plan to continue as a current low cost natural gas and liquids production in the region. In parallel the Company is continuing to focus on the rapid development of these lands in combination with the completion of the engineering and implementation of its Business Plan and Long Term vision of being a leading operator as a fully Integrated **Carbon Neutral Energy Producer** through the collective organic development of its 100% owned and operated resources in combination with investment and additional complementary acquisitions.

An advisory & finders fee, based on approved CSE guidelines, will be payable upon closing to an arm's length third party which has assisted the Company in coordinating and negotiating this transaction.

### **The About Petro Viking Energy Inc.**

The Company is an Emerging CSE listed corporation ('VIK'), and in combination with its licensed Joint Venture partner Avila Energy is a producer, explorer, and developer of Energy in Canada. As a low cost **Carbon Neutral Energy Producer in 2022** the Company will continue to achieve its results by focusing on the application of a combination of proven geological, geophysical, engineering, and production techniques.

For further information, please contact: Lars Glimhagen, CFO Peter Nesveda, Vice President of Corporate Affairs and Investor relations, or Leonard B. Van Betuw, of Avila Energy.

Email: [lars@petroviking.ca](mailto:lars@petroviking.ca)  
[peter@intuitiveaustralia.com.au](mailto:peter@intuitiveaustralia.com.au)  
[leonard.v@avilaexpl.com](mailto:leonard.v@avilaexpl.com)

## ON BEHALF OF THE BOARD

**Gregory Doucette**  
President & CEO

### *Cautionary Statement Forward-Looking Information:*

*This news release contains forward-looking statements relating to the future operations of the Company and other statements that are not historical facts. Forward-looking statements are often identified by terms such as “will”, “may”, “should”, “anticipate”, “expects” and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the future plans and objectives of the Company are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Such factors include, but are not limited to: uncertainties related exploration and development; the ability to raise sufficient capital to fund exploration and development; changes in economic conditions or financial markets; increases in input costs; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological or operational difficulties or inability to obtain permits encountered in connection with exploration activities; and labor relations matters. This list is not exhaustive of the factors that may affect the Company’s forward-looking information. Important factors that could cause actual results to differ materially from the Company’s expectations also include risks detailed from time to time in the filings made by the Company with securities regulations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.*