



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
ALVOPETRO ENERGY LTD.  
AND  
MANAGEMENT INFORMATION CIRCULAR**

Meeting to be held on Monday, May 26, 2014 at 9:00 a.m.  
at the Centrium Place Conference Centre  
2nd Floor (+15 level),  
332 - 6th Avenue S.W.  
Calgary, Alberta, Canada

April 25, 2014

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## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

An annual general and special meeting (“Meeting”) of the holders (“Shareholders”) of common shares (“Shares”) of Alvo Petro Energy Ltd. (“Alvo Petro” or the “Corporation”) will be held on Monday, May 26, 2014 at 9:00 a.m. (Calgary time) at the Centrium Place Conference Centre, 2nd Floor (+15 level), 332 - 6th Avenue S.W., Calgary, Alberta:

- (1) receive and consider the Corporation’s financial statements for the year ended December 31, 2013, together with the report of the auditors thereon;
- (2) elect the directors of the Corporation for the ensuing year;
- (3) appoint the auditors and authorize the directors to fix their remuneration;
- (4) re-approve the stock option plan of the Corporation; and
- (5) transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying this notice.

If you are unable to attend the Meeting in person, we request that you date and sign the enclosed form of proxy and mail it to or deposit it with TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

Only Shareholders of record at the close of business on April 25, 2014 (the “Record Date”) will be entitled to vote at the Meeting, unless that Shareholder has transferred any Shares subsequent to the Record Date and the transferee Shareholder, not later than ten (10) days before the Meeting, establishes ownership of the Shares and demands that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting.

Dated at Calgary, Alberta as of April 25, 2014.

By order of the Board of Directors

Signed: “**Corey C. Ruttan**”,  
President and Chief Executive Officer and  
Director

## VOTING INFORMATION

### Solicitation of Proxies

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by and on behalf of management of Alvo Petro Energy Ltd. (“Alvo Petro” or the “Corporation”) for use at the annual general and special meeting (“Meeting”) of the holders (“Shareholders”) of common shares (“Shares”) of the Corporation to be held on Monday, May 26, 2014 at 9:00 a.m. (Calgary time) at the Centrium Place Conference Centre, 2nd Floor (+15 level), 332 - 6th Avenue S.W., Calgary, Alberta, and at any adjournment thereof.

References herein to “we”, “our”, “Alvo Petro”, the “Company” or the “Corporation” refer to Alvo Petro Energy Ltd.

This solicitation is made on behalf of our management. We will bear the mailing costs incurred in connection with such solicitation. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

### Record Date

Only registered Shareholders of record at the close of business on April 25, 2014 (the “Record Date”) will be entitled to vote at the Meeting, unless that Shareholder has transferred any Shares subsequent to that date and the transferee Shareholder, not later than ten (10) days before the Meeting, establishes ownership of the Shares and demands that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting.

### Registered Shareholder Voting

You are a “Registered Shareholder” if your Shares are held and registered in your name and you have a share certificate or your shares are held in electronic registered form in your name through our transfer agent. A description of the ways that a Registered Shareholder can vote at the Meeting is provided below.

#### *Voting Options for Registered Shareholders*

- In person at the meeting (see below);
- By proxy instruction (see below and enclosed proxy); or
- By internet (see enclosed proxy).

#### *Voting in Person*

Registered Shareholders may attend the Meeting and vote their Shares in person. If you plan to attend the Meeting and wish to vote your Shares in person, do not complete or return the enclosed proxy. Your vote will be taken and counted at the Meeting. Please register with our transfer agent, Equity, when you arrive at the Meeting.

#### *Voting by Proxy*

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed proxy or any other proper form of proxy to do this.

**The persons named in the enclosed form of proxy are officers of the Corporation. As a Registered Shareholder you have the right to appoint another person, who need not be a Shareholder, to represent you at the Meeting. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.**

Forms of proxy must be addressed to and reach TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 9:00 a.m. (Calgary time) on May 22, 2014 or, if applicable, forty-eight (48) hours before any adjournment of the Meeting (excluding Saturdays, Sundays, and holidays). An instrument appointing a proxy must be in

writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

You may revoke your proxy at any time prior to the Meeting. If you or the person you give your proxy to personally attends the Meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

### **Beneficial Shareholder Voting**

You are a “Beneficial Shareholder” if your Shares are held in the name of a nominee, that is, your Shares are represented by an account statement by your bank, trust company, securities broker, trustee or other nominee, while the original certificate is lodged with CDS & Co., the nominee of CDS Clearing and Depository Services Inc.

Only proxies deposited by Shareholders whose names appear on our records as the registered holders of Shares can be recognized and acted upon at the Meeting. If you are a Beneficial Shareholder, Shares held by your broker or other nominee must be voted by them and can only be voted upon your instructions. Without specific instructions, your broker or nominee is prohibited from voting your Shares.

Applicable regulatory policy requires brokers and other nominees to seek voting instructions from beneficial owners in advance of shareholders’ meetings. If you are a Beneficial Shareholder, your broker or other nominee will have included a voting instruction form with this Information Circular or other instructions or procedures detailing how to ensure your Shares are voted at the Meeting (“Voting Instruction Form”). A Beneficial Shareholder receiving a Voting Instruction Form cannot use it to vote Shares directly at the Meeting and instead must return it to the broker or nominee well in advance of the Meeting in order to have the Shares voted. **All Voting Instruction Forms are not the same and you should carefully follow the instructions in the Voting Instruction Form and comply with the deadlines set out in it if you want your Shares voted at the Meeting.**

### **Exercise of Discretion by Proxy**

The Shares represented by proxy in favour of management nominees will be voted on any matter voted on at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Shares will be voted on any matter in accordance with the specification so made. If you do not provide instructions your Shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Information Circular, we know of no such amendment, variation or other matter.

### **Currency**

Except as otherwise indicated, all dollar amounts in this Information Circular are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

### **Date of Information**

Unless otherwise indicated, all information set forth in this Information Circular is given as at April 25, 2014.

## Interest of Certain Persons or Companies in Matters to be Acted Upon

Our management is not aware of any material interest, direct or indirect, of any director, any proposed nominee for election as director, executive officer or anyone who has held office as such since the beginning of our last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, except as is disclosed herein.

## Voting Securities and Principal Holders of Voting Securities

The Company is authorized to issue an unlimited number of Shares without nominal or par value and an unlimited number of preferred shares issuable in series. As at April 25, 2014, there were 85,166,871 Shares and no preferred Shares issued and outstanding. Holders of Shares are entitled to one vote for each Share held. To the best of our knowledge, as of the date hereof, no person or company beneficially owns, directly or indirectly, or controls or directs, more than 10% of the Shares, other than Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisers Incorporated, FIL Limited, Crosby Advisors LLC and Fidelity SelectCo, LLC (collectively referred to as "Fidelity"). As of the date hereof, to the best of our knowledge, Fidelity holds 8,880,000 Shares representing 10.43% of the outstanding shares of Alvopetro.

## BUSINESS OF THE MEETING

### Election of Directors

The Articles of the Company require the Company have not less than one (1) and not more than fifteen (15) directors, with the actual number of directors holding office from time to time to be determined by the board of directors of the Company (the "Board"). The Board has resolved that the number of directors be set at six (6). Accordingly, it is proposed that six directors be elected at the Meeting to serve until the next annual meeting or until their successors are duly elected or appointed.

The persons named below are nominees of management for election as directors of the Company. Additional information with respect to each of the six (6) proposed nominees for election as director can be found under the heading "*Nominees for Election to the Board of Directors*", which sets forth each proposed director's place of residence; position held; present principal occupation; and prior occupations within the last five (5) years.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if that does occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

Voting for the election of directors will be conducted on an individual, and not slate, basis. Our Board has also adopted a majority voting policy, which provides that, unless there is a contested election, a director who receives more "withhold" votes than "for" votes must tender his or her resignation as a director promptly after the meeting. The nominating committee of the Board will then consider such resignation and make a recommendation to the Board whether or not it should be accepted. The decision of the Board will be made within 90 days of the Meeting and announced in a press release. The director who tendered such resignation will not be part of any deliberations of the Board or any committee thereof pertaining to the resignation. For more information see "*Governance - Majority Voting Policy*".

**Unless otherwise directed, the persons designated in the enclosed proxy form intend to vote FOR the election of the following nominees for director at the Meeting.**

Corey C. Ruttan  
Firoz Talakshi  
Geir Ytreland  
John Wright  
Kenneth R. McKinnon  
Roderick L. Fraser

## Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of Deloitte LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration for the ensuing year. Deloitte LLP was first appointed by Alvopetro Energy Ltd. on September 25, 2013.

The audit fees paid to Deloitte LLP for the year ended December 31, 2013, are set forth on page 35 of our Annual Information Form dated April 22, 2014 for the year ended December 31, 2013, which can be found on our website at [www.alvopetro.com](http://www.alvopetro.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

**Unless otherwise directed, the persons designated in the enclosed form of proxy intend to vote at the Meeting FOR the reappointment of Deloitte LLP as the Company's auditors and authorizing the Board to fix the auditors' remuneration.**

## Re-Approval of Stock Option Plan

The policies of the TSX Venture Exchange (the "TSXV") require all incentive stock option grants to be made pursuant to a stock option plan approved by the Shareholders. At the present time, Alvopetro has a "rolling" stock option plan (the "Option Plan") pursuant to which directors, officers, employees and consultants of the Corporation may be awarded options to purchase Shares (the "Options"). Pursuant to the policies of the TSXV, such "rolling" plans must receive annual shareholder approval. Accordingly, Shareholders are being asked to approve the current Option Plan in accordance with Policy 4.4 of the TSXV. The terms of the Option Plan are more fully described in this Circular under the heading "*Option Plan*".

The text of the ordinary resolution to be considered at the Meeting re-approving the Option Plan is set forth below:

**BE IT RESOLVED** as an ordinary resolution of the shareholders of the Corporation as follows:

1. the Corporation's Stock Option Plan (the "Option Plan") is hereby approved, confirmed and ratified;
2. the Board of Directors from time to time is authorized to grant options in the capital stock of the Corporation pursuant to and in accordance with the Option Plan and the Corporation is authorized to reserve and issue common shares in the capital of the Corporation for issuance upon exercise of stock options granted pursuant to the Option Plan; and
3. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

In order for the foregoing resolution to be passed, it must be approved by a majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. It is the intention of the management designees, if named as proxy, to vote in favour of the resolution re-approving the Option Plan.



## NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

The following table sets out the name of each of the persons proposed to be nominated for election as a director; the principal occupations and offices of the Corporation presently held by him and for the previous five (5) years; the period during which he has served as a director of the Corporation; and the number of voting Shares of the Corporation that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him.

Name of Nominee, Location of Residence and Position	Number of Shares Beneficially Owned or Controlled	Director Since	Present and Principal Occupation For Previous Five Years
<b>Corey C. Ruttan</b> <sup>(2)</sup> Alberta, Canada Director	1,290,697	September 25, 2013	Mr. Ruttan is the President and Chief Executive Officer of Alvo Petro Energy Ltd. and was President and Chief Executive Officer of Petrominerales Ltd. from May 2010 to November 2013. Mr. Ruttan was the Executive Vice President, Chief Financial Officer of Lightstream Resources Ltd. from July 2009 to May 2010, Senior Vice President Finance and Chief Financial Officer of Petrobank from November 2008 to May 2010 and Vice President Finance and Chief Financial Officer of Petrominerales Ltd. from May 2006 to May 2010.
<b>Firoz Talakshi</b> <sup>(1)</sup> Alberta, Canada Director	-	November 19, 2013	Since October 2012, Senior Advisor, KPMG International Corporate Tax, Calgary. From 1977 to September 2012, various positions with KPMG Canada, including Partner.
<b>Geir Ytreland</b> <sup>(2)</sup> Alberta, Canada Director	46,004	November 19, 2013	Currently, principal advisor with Gaffney, Cline & Associates, United Kingdom. From 2007 to 2011, assisted the Government of Afghanistan in establishing petroleum administration. From 2004 to 2007, Project Manager for development of the East Timor petroleum industry. From 2000 to 2004, self-employed consultant. From 1993 to 2000, Country Manager (Venezuela) of Norsk Hydro.
<b>John D. Wright</b> <sup>(2)(3)</sup> Alberta, Canada Chairman of the Board	3,372,191	September 25, 2013	Mr. Wright served as Chairman of the Board of Directors and Chief Executive Officer of Lightstream Resources Ltd. from July 2009 to May 2011 and has served as President, Chief Executive Officer and a director since May 2011. Mr. Wright served as President and Chief Executive Officer and a director of Petrobank Energy and Resources Ltd. since March 2000 and is currently Chief Executive Officer and Chairman of the Board of Petrobank. Mr. Wright was the President, Chief Executive Officer and a director of Petrominerales Ltd. from May 2006 to May 2010 and then Chairman of the Board of Petrominerales until November 2013.
<b>Kenneth R. McKinnon</b> <sup>(1)(3)</sup> Alberta, Canada	214,581	November 19, 2013	Mr. McKinnon holds the position of Vice President Legal and General Counsel of Critical Mass Inc., a website design company. Mr. McKinnon has served on the Board of Governors of the University of Calgary since September 2008 as Vice-Chair of its Governance and Human Resources Committee from June 2010 – August 2012, Vice-Chair of its Finance and Property Committee since August 2013 and Chair of its Budget Committee since August 2012, and as a director and Chairman of the Governance and Compensation Committee of Alberta Innovates – Technology Futures since January 2010. Mr. McKinnon holds an ICD.D designation as a certified corporate director.
<b>Roderick L. Fraser</b> <sup>(1)(3)</sup> New York, USA	250	December 16, 2013	Mr. Fraser is currently an independent consultant acting as strategic advisor for large financial institutions (investment banks and private equity / hedge funds). From 2009 to 2012, Mr. Fraser was the Managing Director and Global Head of Oil and Gas, Standard Bank of South Africa. Mr. Fraser is a petroleum engineer with over 35 years of experience in the oil and gas sector initially through industry roles with Amoco (production engineer), Esso (field superintendent) and Fuel Resources (VP Operations and Board member). Mr. Fraser then held various senior positions with JP Morgan Chase (Managing Director, Head of Oil & Gas Latin America), WestLB (Managing Director, Head of Oil & Gas Americas) and Standard Bank of South Africa (Managing Director, Global Head of Oil & Gas).

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Reserves Committee.
- (3) Member of the Compensation Committee.

The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to the Corporation by the nominees.

**Cease Trade Orders**

Except as disclosed below, to the knowledge of management of the Corporation, no proposed director of the Corporation is, or within the ten (10) years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any other issuer that:

- (a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. John D. Wright was a director of Canadian Energy Exploration Inc. (“CEE”) (formerly TALON International Energy, Ltd.), a reporting issuer listed on the TSX Venture Exchange, until September 15, 2011. A cease trade order (the “ASC Order”) was issued on May 7, 2008 against CEE by the ASC for the delayed filing of CEE’s audited annual financial statements and management’s discussion and analysis for the year ended December 31, 2007 (“Annual Filings”). The Annual Filings were filed by CEE on SEDAR on May 8, 2008. As a result of the Order, the TSX Venture Exchange suspended trading in CEE’s shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission (“BCSC”) issued a cease trade order (the “BCSC Order”) against CEE for the failure of CEE to file its audited annual financial statements and management’s discussion and analysis for the year ended December 31, 2008 and its unaudited interim financial statements and management’s discussion and analysis for the three months ended March 31, 2009.

CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC have issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

**Bankruptcies and Insolvencies**

To the knowledge of management of the Corporation, no proposed director of the Corporation:

- (a) is, at the date of this Information Circular or has been within the ten (10) years before the date of this Information Circular, a director or executive officer of any Corporation that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

## Penalties and Sanctions

Except as disclosed below, to the knowledge of management of the Corporation, no proposed director of the Corporation has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Corey C. Ruttan entered into a settlement agreement with the Alberta Securities Commission (“ASC”) on May 3, 2002 in respect of an insider trading violation relating to a May 17, 2000 trade. Mr. Ruttan cooperated completely in resolving the matter with the regulators. The settlement resulted in Mr. Ruttan paying an administrative penalty of \$10,000, representing a return of profits, and the costs of the proceeding in the amount of \$3,925. For a period of one year, Mr. Ruttan agreed to cease trading in securities and to not act as a director or officer of a public company. These restrictions expired on May 3, 2003. Mr. Ruttan is a Chartered Accountant in good standing.

## COMPENSATION DISCUSSION AND ANALYSIS

### Introduction

This discussion describes Alvo Petro’s compensation program for its executive officers, which consist of Corey C. Ruttan, the President and Chief Executive Officer, John Koch, the Chief Operating Officer, Alison Howard, the Chief Financial Officer and Andrea Hatzinikolas, Vice-President, Corporate and Legal (the “Named Executives”).

### Compensation Committee and Compensation Governance

The members of the Compensation Committee of the Board are Kenneth R. McKinnon (Chairman), John D. Wright and Roderick L. Fraser. As required by the mandate of the Compensation Committee, all of the members of the Compensation Committee are independent directors of Alvo Petro.

The Compensation Committee is charged with the establishment, administration and periodic review of our compensation program. The Board believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate. All of the members of the Compensation Committee possess human resources literacy, meaning an understanding of compensation theory and practice, personnel management and development, succession planning and executive development. Such knowledge and capability includes both current and prior experience working in senior roles at other organizations, which provided financial and human resources experience and involvement on board compensation committees of other entities.

The Compensation Committee has the ability to retain the services of independent compensation consultants to provide information and recommendations on market conditions and appropriate compensation practices.

### 2013 Compensation

The Corporation commenced active business operations in November 2013. The Compensation Committee was formed in December 2013 and held no meetings in 2013. The compensation for the Named Executives in 2013 was determined by the Board and consisted of base salary and an initial grant of Options under the Option Plan.

Base salaries provide an immediate cash incentive for the Named Executives and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent. The Board established initial base annual salaries for the Named Executives in 2013 of \$250,000 for the President and Chief Executive Officer; \$230,000 for the Chief Operating Officer, \$190,000 for the Chief Financial Officer and \$190,000 for the Vice-President, Corporate and Legal. The base salaries of the Chief Executive Officer and the Chief Operating Officer salaries relative to their prior base salaries, before the spin-out of the Company in late 2013, are 32% less and 26% less respectively.

The initial base salaries were set with reference to Mercer data for companies of similar market capitalization and with reference to the Peer Comparison Group (defined below), which was selected on the basis of operational stage and size, levels of production, revenue, personnel size, operating and capital budgets, market capitalization and jurisdiction of operations. For 2013, the Peer Comparison Group consisted of Platino Energy Corp., Suroco Energy Inc., Petrodorado Energy Ltd., PetroNova Inc., Touchstone Exploration Inc., Palliser Oil and Gas Corporation, Suroco Energy Inc., and Petroamerica Oil Corp.

The Corporation uses the Option Plan as a part of its long-term compensation strategy for the Named Executives. Options are intended to align executive and shareholder interests by creating a direct link between compensation and share performance. In 2013, the Corporation granted 500,000 Options to the President and Chief Executive Officer; 400,000 Options to the Chief Operating Officer, 300,000 Options to the Chief Financial Officer and 300,000 Options to the Vice-President, Corporate and Legal. These grants were approved by the Board based on its subjective assessment of the appropriate base level of Option holdings by the Named Executives after considering the Corporation's development to date, the fact that no Options had been previously granted to the Named Executives and the current capital base of the Corporation.

The Compensation Committee believes that the perquisites for the Named Executives should be limited in scope and value and be commensurate with perquisites offered by the Corporation's peers. The Corporation provides each of our Named Executives a company paid parking stall or allowance with an estimated annualized value per executive of \$6,300 in 2013. The Corporation also provides the Named Executives additional executive only insurance programs, the cost of which is disclosed under the heading "Named Executive Compensation - Summary Executive Compensation Table" under the column titled "All Other Compensation".

#### **Determination of Executive Compensation in Future Years**

The Named Executive compensation program will be administered by the Compensation Committee in 2014 and beyond. The President and Chief Executive Officer of AlvoPetro will typically attend meetings of the Compensation Committee, but will not have the right to vote on any matter before the Compensation Committee. In addition, all Compensation Committee meetings will have an *in camera* session where the President and Chief Executive Officer and any other members of management in attendance at the Compensation Committee meeting are excused for the duration of the *in camera* session.

It is expected that the Compensation Committee, in consultation with the President and Chief Executive Officer, will establish and approve base salaries, cash bonuses, share based compensation and benefits for the Named Executives. Each component of compensation will be determined on an individual basis for each Named Executive. The Compensation Committee is expected to utilize a compensation program based on an assessment of the overall performance of AlvoPetro, relative performance of AlvoPetro compared to its peers and the achievements and overall contribution of each individual Named Executive.

The Compensation Committee is expected to retain and not delegate any of its power to determine matters of executive compensation and benefits, although the Compensation Committee will consider compensation and benefit proposals made to the Compensation Committee by the President and Chief Executive Officer. The Compensation Committee will report to the Board on the major items covered at each Compensation Committee meeting.

In addition, the Compensation Committee may consider compensation surveys completed by independent third parties when making certain decisions with respect to Named Executive compensation. While the Compensation Committee may rely on external information and advice, all of the decisions with respect to Named Executive compensation will be made by the Compensation Committee and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by independent third party surveys and compensation consultants.

#### **Risk Assessment and Oversight**

The Compensation Committee is responsible for considering the implications of the risks associated with the Corporation's compensation policies and practices. The Compensation Committee's role of approving the compensation policies and practices includes considering whether the compensation policies and practices could encourage a Named Executive to: (i) take inappropriate or excessive risks; (ii) focus on achieving short term goals at the expense of long term return to Shareholders; or (iii) excessively focus on financial and operational goals at the expense of environmental responsibility and health and safety

## Hedging Activities

The Corporation's Disclosure, Confidentiality and Trading Policy includes a provision that prohibits directors, officers and employees of the Corporation from purchasing or selling certain derivatives in respect of any security of the Corporation. This includes purchasing "puts" and selling "calls" on the Corporation's securities, as well as a prohibition on short selling the Corporation's securities. Aside from these prohibitions, the Corporation does not have a policy specifically pertaining to other financial instruments including prepaid variable forward contracts, equity swaps or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a Named Executive or director. Any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders (SEDI).

## NAMED EXECUTIVE COMPENSATION

### Summary Executive Compensation Table

The following table sets forth all annual and long-term compensation paid in respect of the Named Executives for the financial years ended December 31, 2013.

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Option-Based Awards <sup>(2)</sup> (\$)	All other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
<b>COREY C. RUTTAN</b> President and Chief Executive Officer	2013	20,833	230,140	667	251,639
<b>ALISON HOWARD</b> Chief Financial Officer	2013	15,833	138,084	660	154,577
<b>JOHN KOCH</b> Chief Operating Officer	2013	19,167	184,112	596	203,874
<b>ANDREA HATZINIKOLAS</b> Vice President, Corporate and Legal	2013	15,833	138,084	615	154,532

#### Notes:

- (1) Salary, for the purposes of the above Summary Compensation Table, includes all earning related to base salary paid to the Named Executive during the reporting year, and also includes payment for vacation days earned but not taken. Salaries have not been annualized for the 2013 year. See annualized salaries under the heading "2013 Compensation".
- (2) Option Based Awards consist of Options granted pursuant to the Option Plan. The fair value of Options granted is estimated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Option Plan, see details provided herein under the heading "Stock Option Plan".
- (3) The value in the column titled "All Other Compensation" includes all other compensation not reported in any other column of the table for each of the Named Executives and includes certain taxable benefits including but not limited to parking, life insurance premiums, health spending account and fitness reimbursements, and executive-only travel health insurance plans.

## Outstanding Options as at December 31, 2013

The following table sets forth, with respect to each of the Named Executives, details regarding Options outstanding as at December 31, 2013.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)
<b>COREY C. RUTTAN</b> President and Chief Executive Officer	500,000	1.02	16-Dec-2018	105,000
<b>ALISON HOWARD</b> Chief Financial Officer	300,000	1.02	16-Dec-2018	63,000
<b>JOHN KOCH</b> Chief Operating Officer	400,000	1.02	16-Dec-2018	84,000
<b>ANDREA HATZINIKOLAS</b> Vice President, Corporate and Legal	300,000	1.02	16-Dec-2018	63,000

### Notes:

(1) The value of unexercised in-the-money Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Corporation's Shares on the TSX on December 31, 2013, being \$1.23.

## Incentive Plan Awards – Value Vested or Earned During the Year

None of the Options held by the Named Executives vested during the year ended December 31, 2013 and the Named Executives did not receive any non-equity incentive plan compensation.

## Pension and Retirement Plans

The Corporation does not have any pension or retirement plan for employees or executives.

## Employment Agreements and Termination and Change of Control Benefits

The Corporation does not have employment agreements with any of the Named Executives, nor is there any contract, agreement, plan or arrangement that would provide for any payment to any Named Executive in connection with termination, resignation, retirement, change of control of the Corporation or a change in the officer's responsibilities. As described under "Stock Option Plan", the Option Plan provides for the accelerated vesting of outstanding Options in certain circumstances, including in connection with a change of control of the Corporation. See "Outstanding Options as at December 31, 2013" above for a description of the value to the Named Executives of the outstanding Options on December 31, 2013, which value would have been realizable by the Named Executives at that date if the accelerated vesting of the Options held by them had occurred at that date.

## COMPENSATION OF DIRECTORS

### General

The Compensation Committee is responsible to recommend for consideration and approval by the Board as a whole the compensation program for our Directors. The main objectives of our compensation program for our Directors is to attract and retain the services of the most qualified Directors, compensate our Directors in a manner that is commensurate with the risks and responsibilities assumed in Board membership and is competitive with our peers and align the interests of our Directors with Shareholders.

Corey C. Ruttan, the President and Chief Executive Officer of Alvopetro, is also a director. Mr. Ruttan does not receive any compensation specifically in relation to his duties as a director and references to the directors under this heading do not include him.

### Directors' Compensation Table

The sole compensation paid to the non-employee directors of the Corporation in 2013 consisted of the grant of Options pursuant to the Option Plan. The table below sets out the fair value of the Options, estimated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Option Plan, see under the heading "Stock Option Plan".

Name	Option-Based Awards (\$)
Firoz Talakshi	40,573
Geir Ytreland	38,319
John Wright	49,590
Kenneth R. McKinnon	41,700
Roderick L. Fraser	39,446

### Outstanding Options as at December 31, 2013

The following table sets forth, with respect to each of the directors, details regarding Options outstanding as at December 31, 2013.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options(1) (\$)
Firoz Talakshi	88,149	1.02	16-Dec-2018	18,511
Geir Ytreland	83,252	1.02	16-Dec-2018	17,483
John Wright	107,738	1.02	16-Dec-2018	22,625
Kenneth R. McKinnon	90,597	1.02	16-Dec-2018	19,025
Roderick L. Fraser	85,700	1.02	16-Dec-2018	17,997

**Notes:**

(1) The value of unexercised in-the-money Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Corporation's Shares on the TSX on December 31, 2013, being \$1.23.

### Incentive Plan Awards – Value Vested or Earned During the Year

None of the Options held by the directors vested during the year ended December 31, 2013.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to the Option Plan, which is the only compensation plan of the Corporation under which equity securities are authorized for issuance as at December 31, 2013.

Number of securities to be issued upon exercise of Options	Weighted average exercise price of outstanding Options	Number of securities remaining available for future issuance under Option Plan
2,995,436	\$1.02/Share	5,521,251

### STOCK OPTION PLAN

#### General

The purpose of the Option Plan is to provide the directors, officers, employees and consultants of Alvo Petro (the "Participants") with an opportunity to purchase Shares and to benefit from the appreciation thereof. This will provide an increased incentive for the Participants to contribute to the future success and prosperity of Alvo Petro, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of Alvo Petro to attract and retain individuals of exceptional skill.

The Option Plan will be administered by the Board, but the Board may delegate administration to a committee of the Board consisting of not less than three directors. The Board may, from time to time, adopt such rules and regulations for administering the Option Plan as it may deem proper and in the best interests of Alvo Petro.



## Option Grants and Exercise Price

Under the Option Plan, the Board may, from time to time, grant options (“Options”) to such Participants as it chooses and, subject to the restrictions described below, in such numbers as it chooses.

The exercise price of each Option is fixed by the Board when the Option is granted, provided that such price shall not be less than the volume weighted average trading price per share for the Shares on the TSXV (or, if the Shares are not then listed and posted for trading on TSXV, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board) for the five consecutive trading days ending on the last trading day preceding the date that the Option is granted.

Options granted to Participants are non-assignable.

## Limits on Option Grants

The aggregate number of Shares that may be reserved for issuance at any time under the Option Plan, together with any Shares reserved for issuance under any other share compensation arrangement implemented by Alvopetro after the date of the adoption of the Option Plan, shall be equal to 10% of outstanding Shares (on a non-diluted basis) outstanding at that time. In addition, any grant of Options under the Option Plan shall be subject to the following restrictions:

- (a) the aggregate number of Shares reserved for issuance pursuant to Options granted to any one person, when combined with any other share compensation arrangement, may not exceed 5% of the outstanding Shares (on a non-diluted basis);
- (b) the aggregate number of Shares reserved for issuance pursuant to Options granted to Insiders (as defined in exchange policies) pursuant to the Option Plan, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Shares (on a non-diluted basis);
- (c) the aggregate number of Shares issued within any one year period to Insiders pursuant to Options, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Shares (on a non-diluted basis);
- (d) the aggregate number of Shares reserved for issuance pursuant to Options granted to any one person who is a Consultant (as defined in exchange policies) in any twelve (12) month period, may not exceed 2% of the issued and outstanding Shares (on a non-diluted basis); and
- (e) the aggregate number of Shares reserved for issuance pursuant to Options granted to individuals conducting Investor Relations Activities (as defined in exchange policies) in any twelve (12) month period, may not exceed 2% of the issued and outstanding Shares (on a non-diluted basis).

## Expiry

The expiry date of Options granted pursuant to the Option Plan is set by the Board, but must not be later than ten years from the date of grant. Typically, Options granted expire after five years. In the event that any Option expires during, or within two business days after, a self-imposed blackout period on trading securities of Alvopetro, such expiry date will be deemed to be extended to the tenth day following the end of the blackout period.

In the event of the Participant ceasing to be a director, officer, employee or consultant of Alvopetro for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of Alvopetro or the termination by Alvopetro of the employment of the Participant or the termination by Alvopetro or the Participant of the consulting arrangement with the Participant), all unvested Options held by such Participant shall immediately cease and terminate and be of no further force or effect and all vested Options held by such Participant shall cease and terminate and be of no further force or effect on the earlier of the expiry time of the Option and the thirtieth day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by Alvopetro; or (iii) the date

the notice of termination of the consulting agreement is given by Alvopetro to the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by Alvopetro and shall be of no further force or effect whatsoever as to the Shares in respect of which an Option has not previously been exercised.

If a Participant dies, the legal representatives of the Participant may exercise the vested Options held by the Participant within a period after the date of the Participant's death as determined by the Board, provided that such period shall not extend beyond 6 months following the death of the Participant or exceed the expiry date of such Option.

### **Vesting**

The vesting period or periods of Options granted under the Option Plan is determined by the Board at the time of grant. The Board may, in its sole discretion at any time, accelerate vesting of Options previously granted. In the event a change of control of Alvopetro, as defined in the Option Plan, is contemplated or has occurred, all Options which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board.

### **Exercise**

Participants may exercise vested Options by providing a notice in writing signed by the Participant to Alvopetro together with payment in full of the exercise price for the Shares which are the subject of the exercise. Alvopetro will not provide Participants with financial assistance for the exercise of Options.

### **Amendments to the Option Plan**

The Board may amend the Option Plan and any Options granted thereunder in any manner, or discontinue it at any time, without the approval of the holders of a majority of the Shares, provided that:

- (a) the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Options;
- (b) the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of Shareholders (including approval of the disinterested holders of Shares if required by exchange policies) must be obtained for any amendment that would have the effect of:
  - i) increasing the maximum percentage of Shares that may be reserved for issuance under the Option Plan;
  - ii) increasing the maximum percentage of Shares that may be reserved for issuance under the Option Plan to Insiders or any one person;
  - iii) increasing the maximum percentage of Shares that may be issued under the Option Plan within any one year period to Insiders, Consultants or individuals conducting Investor Relations Activities;
  - iv) changing the amendment provisions of the Option Plan;
  - v) changing the terms of any Options held by Insiders;
  - vi) reducing the exercise price of any outstanding Options held by Insiders (including the reissue of an Option within 90 days of cancellation which constitutes a reduction in the exercise price);
  - vii) amending the definition of Participants to expand the categories of individuals eligible for participation in the Option Plan;
  - viii) extending the expiry date of an outstanding Option or amending the Option Plan to allow for the grant of an Option with an expiry date of more than ten years from the grant date; or

- ix) amending the Option Plan to permit the transferability of Options, except to permit a transfer to a family member, an entity controlled by the Participant or a family member, a charity or for estate planning or estate settlement purposes.

### **Adjustments**

The Option Plan provides that appropriate adjustments in the number of Shares subject to the Option Plan, the number of Shares optioned and the exercise price shall be made by the Board to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by Alvopetro (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of Alvopetro.

If a Participant elects to exercise an Option following the merger or consolidation of Alvopetro with any other corporation, whether by amalgamation, plan of arrangement or otherwise, the Participant shall be entitled to receive, and shall accept, in lieu of the number of Shares to which the Participant was theretofore entitled upon such exercise, either, at the discretion of the Board the kind and amount of shares and other securities or property which such Participant could have been entitled to receive as a result of such merger or consolidation if, on the effective date thereof, the Participant had been the registered holder of the number of Shares to which the Participant was theretofore entitled to purchase upon exercise.

## **GOVERNANCE**

### **General**

While the Board has delegated the responsibility for day-to-day management of the Corporation to management, the Board has implicitly and explicitly acknowledged its responsibility for the stewardship of the Corporation, including the responsibility for:

- (a) approving and monitoring the Corporation's strategic planning through a regular reporting and review process;
- (b) the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- (c) the appointment of the senior executive officers and succession planning; and
- (d) ensuring timely and accurate communications to shareholders of financial and other matters in accordance with applicable laws.

At the Corporation's expense, individual directors may engage outside advisors on any matter, when it considers it necessary or desirable. The Board or any committee of the Board has the sole authority to retain and terminate any such advisors, including sole authority to review an advisor's fees and other retention terms.

### **Majority Voting Policy**

Shareholders should note that the form of proxy or voting instruction form allows for voting for individual directors rather than for directors as a slate. In addition, the Board adopted a Majority Voting Policy effective April 22, 2014, pursuant to which, in an uncontested election of directors, a director who receives more "withhold" votes than "for" votes at the annual meeting of Shareholders will tender his or her resignation to the Chair of the Board, to be effective upon acceptance by the Board. The Board will expeditiously consider the director's offer to resign and determine whether or not to accept the offer. The Board will make its decision and announce it in a news release within 90 days following the annual meeting, including the reasons for its decision. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board at which the resignation is considered. We expect that any such resignation will be accepted by the Board unless special circumstances exist that warrant the resigning director continuing to serve on the Board. For this reason, unless such special circumstances exist, a withhold vote in respect of a director is equivalent to voting against the election of such director.

## Mandate of the Board

The Board and each of its Committees have written mandates. Refer to Schedule “B” of this Information Circular for the full text of the mandate of the Board. The Board has the responsibility to oversee the conduct of the business of the Corporation and has delegated the responsibility for the day-to-day conduct of the business to the President and Chief Executive Officer and other members of management, subject to compliance with plans and objectives that may be approved from time to time by the Board.

## Composition of the Board

The Board is currently comprised of six members, a majority (five) of whom are considered independent. Messrs. Fraser, Ytreland, McKinnon, Wright (Chairman of the Board) and Talakshi are independent directors.

Mr. Ruttan is not considered an independent director as he would be considered to have a “material relationship”, as defined in National Instrument 52-110 - *Audit Committees* (“NI 52-110”), with the Corporation as Mr. Ruttan is the current President and Chief Executive Officer of Alvo Petro.

## Board Meetings

The Board is scheduled to meet at least quarterly, with additional meetings held as appropriate or required. The Board will also meet as necessary to consider specific developments or opportunities as they arise. Where appropriate, key management personnel and professional advisors are invited to attend meetings to speak to these issues.

While the Board does not hold regularly scheduled meetings comprised solely of independent directors, a portion of each Board meeting consists of an *in camera* session of the independent directors, where members of management of the Corporation are not in attendance.

In addition, the Board will hold a one day dedicated Board Strategy Session each year to ensure alignment and to facilitate clear communication between the Board and senior management with respect to our corporate strategy. Discussions also occur at our regularly scheduled Board meetings throughout the year to update the corporate strategy and to address and prioritize developments, opportunities, and issues that arise during the year.

## Members of the Alvo Petro Board who are Directors of Other Reporting Issuers

The following table sets forth the Board members’ directorship of other reporting issuers.

Director	Other Public Company Directorships
Geir Ytreland	----
Kenneth R. McKinnon	Lightstream Resources Ltd. Petrobank Energy and Resources Ltd.
Corey C. Ruttan	Lightstream Resources Ltd. Petrobank Energy and Resources Ltd.
Firoz Talakshi	----
John D. Wright	Lightstream Resources Ltd. Hawk Exploration Ltd. Petrobank Energy and Resources Ltd. Spyglass Resources Corp.
Roderick L. Fraser	----

## **Committees of the Board**

The Board has three (3) committees: the Audit Committee, the Reserves Committee and the Compensation Committee. All of the committees of the Board operate under written mandates. The Board may also form independent or special committees from time to time to evaluate certain transactions.

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing: the financial reports and other financial information provided by AlvoPetro to any regulatory body or the public; the Corporation's systems of internal controls regarding preparation of those financial statements and related disclosures that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally.

The purpose of the Compensation Committee is to assist the Board in fulfilling its responsibility by reviewing and evaluating matters relating to compensation of the directors, officers and employees of the Corporation.

The primary function of the Reserves Committee is to assist the Board in the selection, engagement and instruction of an independent reserves evaluator for the Corporation, ensuring there is a process in place to provide all relevant reserves data to the independent reserves evaluator and monitoring the preparation of the independent reserves evaluation of the Corporation.

## **Position Descriptions**

The Board has adopted formal written position descriptions for each of the President and Chief Executive Officer and the Chairman of the Board, which sets out the duties and responsibilities of such positions. The Chair of each Committee of the Board is charged with leading and assessing each committee to ensure it fulfills its mandate.

## **Orientation and Continuing Education**

The Board provides an informal orientation program for all new directors. New members of the Board are provided with background information about the Corporation's business, current issues and corporate strategy. New members of the Board also receive a copy of the Corporation's Vision and Values statement, the Disclosure, Trading and Confidentiality Policy, and all policies of the Corporation. In addition, all directors, both current and new, are encouraged to attend, at the expense of the Corporation, applicable educational programs so as to ensure that they are familiar with aspects of the Corporation's operations and assets. Educational programs are also provided for directors on an 'as requested' basis. As well, any Board member has unrestricted direct access to any member of senior management and their staff at any time.

The Board believes that these procedures are practical and effective in light of the Corporation's particular circumstances, including the size of the Board, the size of the Corporation, the nature and scope of the Corporation's business and operations and the experience and expertise of Board members.

## **Code of Ethics and Policies**

The Corporation has in place a written Vision and Values statement, which outlines the Corporation's commitment to safety, shareholder value, its employees, the environment and integrity. Management of the Corporation and the Board are of the view that the Vision and Values statement encourages and promotes a culture of ethical business conduct within the Corporation. A copy of the Vision and Values statement can be obtained free of charge by writing to the Chief Financial Officer of the Corporation.

The Board has adopted an extensive Disclosure, Confidentiality and Trading Policy to which all its directors, officers, employees and consultants are subject. This policy encourages ethical conduct in that it reflects the importance of confidentiality in respect of the Corporation's activities and restricts trading in the securities of the Corporation at times when individuals may be in possession of material non-public information. In addition, Disclosure Policy covers the timely reporting of material information in accordance with applicable laws and rules. Our Disclosure Policy is implemented by senior officers who are responsible for reviewing material public disclosures.

Compliance with the Corporation's various policies is monitored by management of the Corporation, with reports to the Board, if necessary.

Alvopetro has a Whistleblower Policy to permit employees to anonymously report concerns regarding compliance with corporate policies and applicable laws, as well as any concerns regarding auditing, internal control and accounting matters. These procedures are designed to ensure that employees' reports are treated as confidential.

Management prepares informational memos that are distributed to all staff members on topics that are relevant to Alvopetro and the applicable legislation under which we operate. In light of the foregoing, the Corporation has not adopted a formal written code of ethics, however may do so in future.

Board members must disclose any potential conflicts of interest in respect of matters addressed at Board meetings. Each member of the Board must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such Director has a conflict of interest.

### **Nomination of Board Members**

The Board retains overall responsibility to identify and recommend suitable candidates for nomination for election as directors of the Corporation and consider the competencies and skills the Board, as a whole, should possess.

### **Board Assessments**

The Board will annually review the effectiveness of the Board, its committees, and the contributions of individual Board members. These annual formal assessments will be conducted through a written evaluation of the Board completed by each Board member and an individual written self-assessment completed by each Board member. The objective of the assessments will be to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. The assessments will consider, in the case of the Board or a committee, the applicable mandate, and the competencies and skills each individual Director is expected to bring to the Board and the Committees on which they are members of. The Corporation does not have a formal retirement policy for directors.

## **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

No director, executive officer or proposed nominee for election as a director, nor any of their associates, is or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For the purposes of this Information Circular, an "informed person" means (i) a director or officer of the Corporation, (ii) a director or officer of a person or company that is itself an informed person, or (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Corporation.

To the knowledge of management of the Corporation, since the beginning of the financial year ended December 31, 2013, no informed person of the Corporation, nominee for director of the Corporation, nor any affiliate or associate of any informed person or nominee for director, had any material interest, direct or indirect, in any transaction or proposed transaction which has materially affected or would materially affect the Corporation.

## **ADDITIONAL INFORMATION CONCERNING THE AUDIT COMMITTEE**

Reference is made to the Corporation's Annual Information Form ("AIF") dated April 22, 2014, which information is hereby incorporated by reference. The AIF can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [www.alvopetro.com](http://www.alvopetro.com).

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year. Copies of the documents incorporated herein by reference may be obtained on SEDAR or on request without charge from the Chief Financial Officer of the Corporation by submitting a request to the Corporation by telephone at 587.794.4224, by email: [info@alvopetro.com](mailto:info@alvopetro.com), or by mail to Alvo Petro Energy Ltd., Suite 1175, 332-6<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 0B2, Attention: Chief Financial Officer.

## **OTHER MATTERS**

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual General and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

## SCHEDULE "A"

### MANDATE OF THE BOARD OF DIRECTORS

This mandate defines the role of the Board of Directors of the Corporation. The fundamental responsibilities of the Board of Directors of Alvopetro Energy Ltd. (the "Corporation") are to: (i) appoint and oversee a competent executive team to manage the business of the Corporation, with a view to maximizing shareholder value, (ii) identify and understand the risks associated with the business of the Corporation and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls. The following are the key guidelines governing how the Board will operate to carry out its duties.

#### 1. **Duty of Oversight**

The Board is responsible for overseeing and supervising management's conduct of the business of the Corporation to ensure that such business is being conducted in the best interests of the Corporation and its shareholders.

#### 2. **Formulation of Corporate Strategy**

Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board shall ensure there is a formal strategic planning process in place and shall review and, if it sees fit, endorse the corporate strategy presented by management. The Board shall monitor the implementation and execution of the corporate strategy.

#### 3. **Principal Risks**

The Board should have a continuing understanding of the principal risks associated with the business of the Corporation. It is the responsibility of management to ensure that the Board and its committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are the Audit Committee and the Reserves Committee and the strategic planning process. It is important that the Board understands and supports the key risk decisions of management.

#### 4. **Internal Controls and Communication Systems**

The Board ensures that sufficient internal controls and communication systems are in place to allow it to conclude that management is discharging its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

#### 5. **Financial Reporting, Operational Reporting and Review**

The Board ensures that processes are in place to address applicable regulatory, corporate, securities and other compliance matters, including applicable certification requirements regarding the financial, operational and other disclosure of the Corporation.

The Board reviews and approves the financial statements, related MD&A and reserves evaluations of the Corporation.

The Board reviews annual operating and capital plans and reviews and considers all amendments or departures proposed by management from established strategy, capital and operating plans or matters of policy which diverge from the ordinary course of business.

The Board reviews operating and financial performance results relative to established strategy, budgets and objectives.



**6. Succession Planning and Management Development**

The Board considers succession planning and management recruitment and development. The Chief Executive Officer and the Compensation Committee shall periodically review succession planning and management recruitment and development.

**7. Disclosure and Communication Policy**

The Corporation has adopted a policy governing disclosure and communication concerning the affairs of the Corporation. Housekeeping and non-material amendments to the Policy may be made by the Disclosure Committee. Significant changes to the Disclosure and Communication Policy shall be reviewed by the Board.

**8. The Chair of the Board**

The Board shall appoint a Chair from among its members. The role of the Chair is to act as the leader of the Board, to manage and co-ordinate the activities of the Board and to oversee execution by the Board of this written mandate.

**9. Committees**

The Board may appoint such committees as it sees fit. Each committee operates according to the mandate for such committee approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board reviews and re-assesses the adequacy of the mandate of each committee on a regular basis and, with respect to the Audit Committee, at least once a year.

**10. Committee Chairs and Committee Members**

The Chair shall propose the leadership and membership of each committee. In preparing recommendations, the Chair will take into account the preferences, skills and experience of each director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.

Each committee's meeting schedule will be determined by its Chair and members based on the committee's work plan and mandate. The committee Chair will develop the agenda for each committee meeting. Each committee will report in a timely manner to the Board on the results of its meetings.

**11. Board Meetings, Agendas and Notice**

The Board will meet a minimum of 4 times per year.

The Chair, in consultation with the Chief Executive Officer, the Chief Financial Officer and the VP Legal and Corporate, will develop the agenda for each Board meeting. Under normal circumstances, management will use its best effort to distribute the agenda and related materials to directors not less than two business days before the meeting. All directors are free to suggest additions to the agenda.

Notice of the time and place of every meeting may be given orally, or in writing, or by e-mail to each member of the Committee at least two business days prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

**12. Information for Board Meetings**

Material distributed to the directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered. Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material.

It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

**13. Non-Directors at Board Meetings**

The Board appreciates the value of having management team members attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Board, through the Chair, can determine management attendees at Board meetings.

**14. Board Relations with Management**

Board policies and guidelines are issued to management for their adherence. Directors may direct questions or concerns on management performance to the Chair, to the President and Chief Executive Officer or through Board and committee meetings. While the Board establishes limits of authority delegated to management, directors must respect the organizational structure of management. A director has no authority to direct any staff member.

**15. New Director Orientation**

New directors will be provided with an orientation which will include written information about the duties and obligations of directors and the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors.

**16. Assessing the Board's Performance**

The Board is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review should identify any areas where the directors or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation.

**17. Board Compensation**

The Compensation Committee will review director compensation in accordance with the mandate of the Compensation Committee and will make changes in compensation to the Board when warranted and in light of the responsibilities and risks involved in being a director.

**18. Annual Evaluation of the President and Chief Executive Officer – Compensation Committee**

The Compensation Committee will conduct an annual performance review of President and Chief Executive Officer in accordance with the mandate of the Compensation Committee. The results of this performance review will be communicated to the President and Chief Executive Officer by the Chair of the Compensation Committee.

**19. Outside Advisors for Individual Directors**

Occasionally, a director may need the services of an advisor to assist with matters involving responsibilities as a director. A director who wishes to engage an outside advisor at the expense of the Corporation may do so with the authorization of the Chair of the Board.

**20. Conflict of Interest**

- (a) Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.
- (b) Directors shall not allow personal interests to conflict with their duties to the Corporation and shall avoid and refrain from involvement in situations of conflict of interest.
- (c) A director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict with that director's duty to the Corporation.
- (d) A director shall disclose promptly any interest that director may have in an existing or proposed contract or transaction of or with the Corporation.
- (e) The disclosures contemplated in paragraphs (c) & (d) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur at the first Board meeting after the director becomes aware of the potential conflict of interest.
- (f) A director's disclosure to the Board shall disclose the full nature and extent of that director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board.
- (g) A director with a conflict of interest or who is capable of being perceived as being in conflict of interest vis a vis the Corporation shall abstain from discussion and voting by the Board or committee of the Board on any motion to recommend or approve the relevant contract or transaction unless the contract or transaction is an arrangement by way of security for obligations undertaken by the director for the benefit of the Corporation or one relating primarily to the director's remuneration or benefits. If the conflict of interest is obvious and direct, the director shall withdraw while the item is being considered.
- (h) Without limiting the generality of "conflict of interest" it shall be deemed a conflict of interest if a director, a director's relative, a member of the director's household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with the Corporation.
- (i) Directors shall not use information obtained as a result of acting as a director for personal benefit or for the benefit of others.
- (j) Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

**21. Corporate Governance and Nominating**

The Board retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the Board functions independently of management. The Board shall establish and maintain such corporate governance policies and procedures as are necessary to ensure that the Corporation is fully compliant with applicable securities laws and prevailing governance standards. Such policies and procedures shall contain clear reporting, oversight and enforcement provisions that reserve the right to the Board to take appropriate remedial action in the event of a breach thereof. The Board shall mandate the Corporation's Corporate Secretary and professional advisors to keep it apprised of developing corporate governance issues and shall, each year after the annual shareholder meeting of the Corporation, review the sufficiency of the Corporation's corporate governance policies and procedures.

The Board retains overall responsibility to identify and recommend suitable candidates for nomination for election as directors of the Corporation, consider the competencies and skills the Board, as a whole, should possess.

**22. Mandate Review**

This mandate shall be reviewed and approved by the Board each year.