NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF ALVOPETRO ENERGY LTD.

- AND -

MANAGEMENT INFORMATION CIRCULAR

Virtual Meeting to be held on Thursday, August 12, 2021
at 2:00 p.m. (Calgary time)

July 6, 2021

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NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

An annual general and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Shares**") of Alvopetro Energy Ltd. ("**Alvopetro**" or the "**Corporation**") will be held on Thursday August 12, 2021 at 2:00 p.m. (Calgary time) virtually at URL: https://virtual-meetings.tsxtrust.com/1106, Meeting ID: 1106 and Password: alvopetro2021 (case sensitive) to:

(1) receive and consider the Corporation's financial statements for the year ended December 31, 2020, together with the report of the auditors thereon;

(2) elect the directors of the Corporation for the ensuing year;

(3) appoint the auditors of the Corporation and authorize the directors to fix their remuneration;

(4) re-approve the stock option plan of the Corporation;

(5) to consider, pursuant to an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated July 5, 2021 and, if deemed advisable, to approve, with or without variation, a special resolution, the full text of which is set forth in the accompanying management information circular of the Corporation dated July 6, 2021 (the "**Information Circular**"), to approve a plan of arrangement under section 193 of the *Business Corporations Act* (Alberta), involving the Corporation and its Shareholders, whereby the Corporation's issued and outstanding Shares will be consolidated (the "**Consolidation**") at a ratio of 2,100 pre-Consolidation Shares for every 1 post-Consolidation Share, and immediately following the Consolidation, the Corporation's issued and outstanding post-Consolidation Shares will be split (the "**Share Split**") on the basis of 700 post-Share Split Shares of the Corporation for each 1 pre-Share Split (post-Consolidation) Share of the Corporation, as more particularly described in the Information Circular;

(6) to consider, and if deemed advisable, to approve, with or without variation, a special resolution authorizing the reduction of the stated capital of the Corporation; and

(7) 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 accompanying Information Circular.

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by a majority of the votes cast in respect of the resolution, with the exception of the special resolutions noted above, which each require approval by a majority of not less than 2/3 of the votes cast in respect of the resolution.

To proactively deal with the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, employees and the Shareholders, the Meeting will not be held in person. The Meeting will be conducted **via webcast**. Alvopetro's management and directors believe this format will provide Shareholders a safer opportunity to attend the Meeting given ongoing restrictions on travel and public gatherings as well as health concerns. While Shareholders and duly appointed proxyholders will not be able to attend the Meeting in person, regardless of geographic location and ownership, they will have an equal opportunity to participate at the Meeting. The majority of Shareholders typically vote by proxy in advance of meetings of Shareholders and all Shareholders are encouraged to vote by proxy ahead of the Meeting.

If you are unable to attend the Meeting virtually, we request that you date and sign the enclosed form of proxy and mail it to or deposit it with TSX Trust Company ("**TSX Trust**"), 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not later than 2:00 p.m. (Calgary time) on August 10, 2021 or, if applicable, forty-eight (48) hours before any adjournment of the Meeting (excluding Saturdays, Sundays, and holidays).

Only Shareholders of record at the close of business on July 2, 2021 (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 July 6, 2021.

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 Alvopetro Energy Ltd. ("**Alvopetro**" or the "**Corporation**") for use at the annual general and special meeting ("**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Shares**") of the Corporation to be held on Thursday August 12, 2021 at 2:00 p.m. (Calgary time) virtually at URL: https://virtual-meetings.tsxtrust.com/1106, Meeting ID: 1106 and Password: alvopetro2021 (case sensitive), and at any adjournment thereof.

References herein to "we", "our", "Alvopetro" or the "Corporation" refer to Alvopetro Energy Ltd.

This solicitation is made on behalf of management. The Corporation is sending meeting materials directly to non-objecting beneficial owners. 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 directors, officers and employees of Alvopetro, who will not be remunerated therefor.

Record Date

Only registered Shareholders ("**Registered Shareholders**") of record at the close of business on July 2, 2021 (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.

Virtual Meeting

To proactively deal with the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, employees and the Shareholders, the Meeting will not be held in person. The Meeting will be conducted **via webcast**. Registered Shareholders and duly appointed proxyholders can attend the meeting online at: https://virtual-meetings.tsxtrust.com/1106, Meeting ID: 1106 and Password: alvopetro2021 (case sensitive).

Registered shareholders and duly appointed proxyholders who participate in the Meeting online will be able to attend the Meeting, ask questions and vote, in real time, provided they are connected to the internet and properly follow the instructions on the website. Beneficial Shareholders who have not duly appointed themselves as proxyholders may still participate in the Meeting as guests. Guests will be able to attend the Meeting but will not be able to vote or ask questions at the Meeting. Details to access the Meeting:

- URL: https://virtual-meetings.tsxtrust.com/1106
- If you have voting rights, select "I have a control number" and enter your control number and this password: alvopetro2021 (case sensitive).
- If you do not have voting rights, select "I am a Guest" and fill in the required information.

We recommend that you login at least 15 minutes before the start of the Meeting and ensure your web browser and internet connection are working properly.

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

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

Voting During the Meeting

Registered Shareholders may attend the virtual Meeting and vote their Shares during the Meeting. If you plan to attend the Meeting and wish to vote your Shares during the virtual Meeting, do not complete or return the enclosed proxy. Your vote will be taken and counted at the Meeting. If you are a Registered Shareholder, you can vote your shares during the Meeting using the control number found on the form of proxy from our transfer agent, TSX Trust Company.

Voting by Proxy and Revocation of Proxy

Whether or not you attend the virtual 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 virtual 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 TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, not later than 2:00 p.m. (Calgary time) on August 10, 2021 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 virtual 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 TSX Trust on the day of the Meeting.

Advice to Beneficial Holders of Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Alvopetro as the registered Shareholders can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of Alvopetro. Such Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll free telephone number or visit Broadridge's dedicated voting website at

www.proxyvote.com to vote the Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for a registered Shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for a registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Exercise of Discretion by Proxy

The persons named as proxies will vote or withhold from voting the shares in respect of which they are appointed or vote for or against any particular question, in accordance with the instructions of the Shareholder appointing them. **In the absence of such instructions, the Shares will be voted in favour of all matters identified in the enclosed Notice of Meeting.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and to other matters which may properly come before the Meeting. At the time of printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any amendments or other matters not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such amendments or matters in accordance with their best judgment.

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 July 6, 2021.

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 Corporation 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 July 6, 2021, there were 99,828,295 Shares and no preferred shares issued and outstanding. Shareholders 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 Rambutan Trading Limited. As of the date hereof, to the best of our knowledge, Rambutan Trading Limited holds 11,083,405 Shares, representing 11.10% of the Shares outstanding.

BUSINESS OF THE MEETING

Election of Directors

The articles of the Corporation require the Corporation 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. The Board has resolved that the number of directors be set at six (6). Accordingly, it is proposed that six (6) 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 Corporation. 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 their resignation as a director promptly after the meeting. 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 D. 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 KPMG LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of the Shareholders or until a successor is appointed and to authorize the directors to fix their remuneration for the ensuing year. KPMG LLP was first appointed by the Board of Directors of the Corporation effective May 3, 2021.

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

Deloitte LLP, the Corporation's former auditor, resigned as auditor at the request of the Corporation effective May 3, 2021. For information regarding the fees paid to Deloitte LLP, the Corporation's former auditors, see page 48 of our annual information form dated March 24, 2021 for the year ended December 31, 2020 (the "**Annual Information Form**"), which can be found on our website at www.alvopetro.com or on our profile on SEDAR at www.sedar.com. In accordance with Part 4.11 of National Instrument 51-102 — *Continuous Disclosure Obligations* ("**NI 51-102**"), the "Reporting Package", which includes the notice of change of auditor, letter from the former auditor, and the letter from the successor auditor, is attached hereto as Schedule B, and was filed with the necessary securities commissions and on SEDAR on May 6, 2021.

Re-Approval of Stock Option Plan

The policies of the TSX Venture Exchange (the "**TSXV**") require all stock option grants to be made pursuant to a stock option plan approved by the Shareholders. At the present time, the Corporation 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**"). Up to 10% of the Shares outstanding may be reserved for issuance under the Option Plan and the Corporation's incentive share plan (the "**Incentive Share Plan**", and together with the Option Plan, the "**Incentive Plans**"). The Incentive Share Plan is also subject to a "fixed" limit of a maximum of 1,700,000 Shares which may be reserved for issuance pursuant to its terms. As of the date hereof, 6,327,250 Shares are reserved for issuance pursuant to Options already granted, 1,400,000 Shares are reserved for issuance pursuant to restricted share units ("**RSUs**") and deferred share units ("DSU"s) already granted pursuant to the Corporation's Incentive Share Plan, resulting in a total of 7,727,250 Shares reserved for issuance under the Incentive Plans, representing an aggregate 7.7% of the Shares outstanding.

Pursuant to the policies of the TSXV, "rolling" stock option plans must receive shareholder approval annually. Accordingly, Shareholders are being asked to approve the current Option Plan in accordance with Policy 4.4 of the TSXV. The Option Plan is a critical component of the Corporation's compensation program for its executives, directors and employees, as described in more detail under the heading "*Compensation Discussion and Analysis*". The terms of the Option Plan are more fully described in this Circular under the heading "*Option Plan*" and a copy of the Option Plan is attached as Schedule C.

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 as follows:

1. 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 Shares in the capital of the Corporation for issuance upon exercise of 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.**

Share Restructuring and Small Lot Buyback

The Corporation has a large number of shareholders holding small numbers of Shares. The Corporation currently has 99,828,295 Shares outstanding. Based on recent data, approximately 1.6 million , or 1.6% of the outstanding Shares are held by an estimated 4,275 Shareholder accounts with current holdings of fewer than 2,100 Shares, representing an average of approximately 372 Shares per holder. Accordingly, the Corporation is proposing to complete a Court-approved plan of arrangement (the "**Plan of Arrangement**") attached hereto as Schedule D, pursuant to which the Corporation will:

1. complete a consolidation of the issued and outstanding Shares at a ratio of 2,100 pre-Consolidation Shares for every 1 post-Consolidation Share (the "**Consolidation**") and effective on a date as determined by the Board in its sole discretion; and

2. immediately following the completion of the Consolidation, complete a share split of the newly consolidated issued and outstanding Shares on the basis of 700 post-Share Split Shares for each 1 pre-Share Split (post-Consolidation) Share, (the "**Share Split**", and together with the Consolidation, the "**Share Restructuring**").

The Corporation proposes that the Board be authorized to complete the Share Restructuring, at its discretion, at any time prior to the next annual meeting of shareholders of the Corporation, or to alternatively choose to not complete all or part of the Share Restructuring at all.

If the special resolution is approved, the Share Restructuring will be implemented, if at all, only upon a determination by the Board that the Share Restructuring is in the best interests of Corporation.

Background and Reasons for the Share Restructuring

The Corporation believes that the Share Restructuring will result in the following benefits:

a) Liquidity Event for Smaller Shareholders.

Many current Shareholders hold small and odd-lot shareholdings in the Corporation. These Shares have been acquired at various times in the past, including pursuant to an arrangement in 2013 between the Corporation, Petrominerales Ltd. ("**Petrominerales**") and Pacific Rubiales Energy Corp., pursuant to which all shareholders of Petrominerales received, for each share of Petrominerales held, one Share. Many of the shareholders of Petrominerales were resident in Colombia and as a result of the arrangement, Alvopetro has a number of Colombian Shareholders holding small and odd-lot shareholdings in the Corporation. Many of our Colombian Shareholders have had no cost-effective solution to dispose of their Shares and small lot Shareholders resident in North America may also find it challenging to dispose of their Shares without decreasing their realized sales price per Share due to illiquid trading in the Shares. The Share Restructuring provides a cost-effective liquidity option for such smaller Shareholders to liquidate their investment without decreasing the Share price and without payment of brokerage fees which are often high in proportion to the total sales proceeds for smaller Shareholders.

b) Reducing volatility in the Corporation's share price associated with small lot trades.

Management of the Corporation believes that the Corporation's share price is often negatively impacted by isolated and small lot trades on days where Alvopetro's overall trading volume is minimal, contributing to reduced trading prices overall and a reduced market capitalization of the Corporation. Such transactions can also contribute negatively in any efforts to attract new investors. The Share Restructuring will reduce the issued and outstanding Shares of the Corporation by significantly reducing any small lot Shareholders which is expected to reduce the impact of small lot trades going forward.

c) Rationalization of Capital Structure and Increasing Flexibility.

The Corporation has a large number of Shares issued and outstanding. In order for the Corporation to successfully expand its business through the acquisition of investments, the Corporation may be required to raise capital, including through the issuance of additional securities. By consolidating its currently outstanding Shares, the Corporation will increase its flexibility to structure future financings, which may assist in attracting interest in the Corporation among potential investors.

d) Reduced Administrative Costs.

As a reporting issuer, the Corporation is required to disseminate to registered and beneficial Shareholders interim statements, annual statements and associated continuous disclosure materials. In the case of many small Shareholders, the administrative cost associated with providing such services represents a disproportionately large percentage of the total Share value of their investment. The Corporation has spent a significant amount of money each year printing and mailing materials required by statute, including information circulars, to these small Shareholders and serving their accounts through the Corporation's registrar and transfer agent. The effect of the proposed Consolidation will be to reduce administrative costs associated with maintaining a large Shareholder base of odd-lot and small Shareholders by significantly reducing the number of these shareholders.

Accordingly, the Corporation proposes to complete the Arrangement (as defined below), which includes each of the steps set outlined below, which will be deemed to occur in the following order commencing at the effective time (the "**Consolidation Effective Time**") on the date of the Consolidation (the "**Consolidation Effective Date**"), without any further act or formality,

unless specifically noted in the Plan of Arrangement, in order to implement the Share Restructuring and purchase these small holdings and recognize the benefits outlined above:

1. at the Consolidation Effective Time on the Consolidation Effective Date, the Shares will be consolidated at a ratio of 2,100 pre-Consolidation Shares for every 1 post-Consolidation Shares;

2. thereupon, any holder of less than 1 post-Consolidation Share will cease to hold Shares and will be entitled to be paid cash consideration equal to that number of pre-Consolidation Shares held by the holder multiplied by an amount equal to the volume weighted average trading price of the Shares for the five (5) days immediately preceding the Consolidation Effective Date (subject to compliance by the Corporation with the policies of the TSX Venture Exchange (the "**TSXV**")), rounded down to the nearest cent; and

3. immediately following the Consolidation Effective Time, in order to effect the Share Split, the remaining Shares will be split on the basis of 700 post-Share Split Shares for each 1 pre-Share Split (post-Consolidation) Share.

The result of these steps will be that holders of less than 2,100 Shares will cease to hold Shares and will instead be entitled to receive cash consideration for their Shares. Holders of 2,100 or more Shares following the Consolidation Effective Time will in effect be consolidated on a 3:1 basis relative to the number of Shares currently held.

Example 1: A Shareholder owning 4,200 pre-Consolidation Shares will divide such number of Shares by 2,100, and as a result would hold 2 post-Consolidation Shares. As this holder is holding more than 1 whole post-Consolidation Shares, the 2 post-Consolidation Shares will then be split by multiplying such number of post-Consolidation Shares by 700, resulting in the holder owning a total of 1,400 post-split Shares.

Example 2: A Shareholder owning 1,260 pre-Consolidation Shares will divide such number of Shares by 2,100, and as a result would hold only 0.6 of a post-Consolidation Share. As holders of less than 1 Share on the Consolidation Effective Date shall not be entitled to receive a fractional Share, the Corporation will purchase such pre-Consolidation Shares for cancellation. If the price at which such pre-Consolidation Shares are to be purchased is, for example, $1.00 per pre-Consolidation Share, the holder will be entitled to be paid $1.00 from the Corporation for each such pre-Consolidation Share, resulting in an aggregate payment of $1,260.

Shareholders who hold 2,100 or more pre-Consolidation Shares as of the Consolidation Effective Date will continue to be Shareholders of the Corporation following the Consolidation and Share Split. Shareholders who hold 2,100 or more pre-Consolidation Shares as of the Consolidation Effective Date will not have any fractional Shares purchased by the Corporation following the Consolidation. Those Shares and fractions thereof not purchased by the Corporation shall be subject to the Share Split. For clarity; the fractional Shares resulting from the Consolidation will not be rounded prior to the Share Split. No fractional Shares shall be issued to Shareholders holding greater than 2,100 Shares following the Share Split. In lieu of any such fractional Shares, the number of Shares issued shall be rounded up to the next greater whole number of Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Shares registered in the name of or beneficially held by a holder or its nominee(s), shall be aggregated.

All Shareholders should consult their own tax advisors with respect to the tax consequences to them of the Share Restructuring.

Dissent Rights

Under the *Business Corporations Act* (Alberta) (the "**ABCA**"), Shareholders do not have dissent rights with respect to the Consolidation or the Share Split.

Special Resolutions Approving the Share Restructuring

The text of the special resolution to be considered at the Meeting approving the Share Restructuring (the "**Share Restructuring Resolution**") that will occur by way of an arrangement under Section 193 of the ABCA (the "**Arrangement**") is set forth below and attached as Schedule F hereto:

BE IT RESOLVED as a special resolution of the Shareholders (as defined below) as follows:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Alvopetro Energy Ltd. (the "**Corporation**") and the holders (the "**Shareholders**") of common shares of the Corporation, as more particularly set forth in the accompanying management information circular of the Corporation (the "**Information Circular**"), as the Arrangement may be amended, modified or supplemented in accordance with its terms, is hereby authorized, approved and adopted.

2. Without limiting the preceding paragraph, the plan of arrangement (the "**Plan of Arrangement**") setting out the terms and conditions of the Arrangement, the full text of which is set out as Schedule D to the Information Circular, as the Plan of Arrangement may be amended, modified or supplemented in accordance with its terms, is hereby authorized, approved and adopted.

3. The board of directors of the Corporation are hereby authorized and empowered, without further notice to or approval of the Shareholders to determine the effective time and date of the commencement of the Plan of Arrangement.

4. Any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute or cause to be executed, and to send or cause to be sent to the Registrar under the ABCA for filing, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement.

5. Any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute or cause to be executed, and to deliver or cause to be delivered, all such documents and filings, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of these resolutions, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

6. The board of directors is authorized to revoke these resolutions in its sole discretion without further approval of the Shareholders at any time prior to the deposit of these special resolutions at the corporate records office of the Corporation.

Recommendation of the Board

After consulting with Alvopetro's senior management and with its legal, tax and other advisors and in light of the factors described above under "*Background and Reasons for the Share Restructuring*" and various other factors considered relevant by the Board, the Board unanimously recommends Shareholders vote in favour of the Share Restructuring Resolution.

In order for the Share Restructuring Resolution to be passed, approval by the holders of not less than two-thirds of the Shares voted in respect thereof at the Meeting, whether present in person or by proxy, is required.

Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote in favour of the resolution approving the Share Restructuring Resolution.

Actions Required

Following approval of the Share Restructuring Resolution, Shareholders will be required to take the specific actions set out below:

Registered Shareholders holding less than 2,100 Common Shares

In order to receive payment of the cash consideration in exchange for their Shares, registered Shareholders who held less than 2,100 Common Shares immediately prior to the Consolidation Effective Date must complete and sign the letter of transmittal ("**Letter of Transmittal**") printed on **yellow** paper enclosed with this Circular and return it, together with the certificate(s) representing such Shares, as applicable, to TSX Trust, as depositary. Any certificates representing less than 2,100 Shares immediately prior to the Consolidation Effective Time which have not been surrendered in accordance with the Letter of

Transmittal on or prior to the **twenty-four**-month anniversary of the Consolidation Effective Date will cease to represent a claim or interest of any kind or nature against the Corporation or TSX Trust, as depositary.

Registered Shareholders holding 2,100 or more Common Shares

In connection with the transaction to be affected by the Share Restructuring, the Corporation is required to obtain a new CUSIP number to be assigned to the Shares. Accordingly, registered holders of 2,100 or more Shares immediately prior to the to the Consolidation Effective Date must complete and sign the Letter of Transmittal printed on **blue** paper and return it, together with the certificate(s) representing such Shares, as applicable, to TSX Trust, as depositary. A new share certificate will then be sent to the registered Shareholder reflecting the new CUSIP number and the Consolidation and Share Split.

Beneficial Shareholders holding less than 2,100 Common Shares

Only registered Shareholders or the persons they appoint as their proxies are required to complete, sign and submit the appropriate Letter of Transmittal as described above. Shareholders who own shares beneficially (a) through an intermediary (including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans), or (b) in the name of a clearing agency (such as CDS & Co.), are not required to submit a Letter of Transmittal. The intermediary or the clearing agency, as the case may be, will take the appropriate steps and arrange for payment of any cash consideration to such shareholders.

Beneficial Shareholders holding 2,100 or more Common Shares

Only registered Shareholders or the persons they appoint as their proxies are required to complete, sign and submit the appropriate Letter of Transmittal as described above. Shareholders who own shares beneficially (a) through an intermediary (including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans), or (b) in the name of a clearing agency (such as CDS & Co.), are not required to submit a Letter of Transmittal. The intermediary or the clearing agency, as the case may be, will take the appropriate steps to ensure that the holders' accounts are adjusted to reflect the new CUSIP number and the Consolidation and Share Split.

Court Approval

The Arrangement requires approval by the Court of Queen's Bench of Alberta (the "**Court**"). On July 5, 2021, the Corporation obtained an interim order from the Court (the "**Interim Order**") providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Schedule E and a copy of the Notice of Originating Application for the Final Order (as defined below) is attached hereto as Schedule G.

If Shareholder approval is obtained at the Meeting in the manner required by the Interim Order, the Corporation will apply to the Court to obtain a final order approving the Arrangement (the "**Final Order**"). The hearing of the application for the Final Order is scheduled to take place at the Court at 12:00 p.m. (Calgary time) on August 20, 2021 via Cisco Webex, or as soon after such time as counsel may be heard. Any Shareholders wishing to appear or to be represented by counsel at the hearing of the application for the Final Order may do so but must comply with certain procedural requirements, including filing an appearance with the Court and serving it on the Company through its counsel as soon as reasonably practicable and, in any event, by 4:00 p.m. (Calgary time) on August 13, 2021.

The Court has broad discretion when making orders with respect to arrangements under section 193 of the ABCA. The Court, when hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to Shareholders. The Court may approve the Arrangement in any manner it may direct and determine appropriate.

After the Final Order is granted, at the discretion of the Board, the articles of arrangement will be filed with the Registrar under the ABCA for issuance of the certificate giving effect to the Arrangement.

Reduction of Stated Capital Account

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, approve, with or without variation, a special resolution authorizing the Board, in its sole discretion, to reduce the Corporation's stated capital of the Shares by an aggregate amount of up to $150,000,000 (the "**Stated Capital Reduction**"). If approved, the Stated Capital Reduction will be effective following completion of the Share Restructuring. Pursuant to section 38(1) of the ABCA, a company may reduce the stated capital of any class of its shares for any purpose, including a reduction of the stated capital account of a class of shares by an amount which does not exceed the stated capital of that class if the company believes that the amount of the stated capital of the class is not represented by the value of the company's realizable assets. Generally, the stated capital of a class or series of shares is the amount paid to the company in consideration of the issuance of the shares of that class or series.

Background and Reasons for the Stated Capital Reduction

Now that the Corporation has commenced production, cash flow and earnings from its main asset, the Caburé natural gas field, the Corporation wants to ensure it has sufficient flexibility to pay dividends to Shareholders, if as and when declared by the Board. A corporation is required to maintain a stated capital account for each class of shares it issues, and to add to that account the full amount of consideration that it receives for the shares that it has issued. In addition, a corporation is restricted from declaring and paying dividends on its shares unless it can meet certain financial tests, including that there are no reasonable grounds for believing that, after the payment of the dividend, the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes. A corporation may, with shareholder approval, reduce its stated capital for any reason, including for the purpose of declaring its stated capital to be reduced by an amount that is not represented by realizable assets. The Stated Capital Reduction will not result in any change to total shareholders' equity as presented in the Corporation's financial statements and therefore will not affect the Corporation's net book value.

The purpose of the Stated Capital Reduction of the Shares is to reduce the aggregate of the Corporation's liabilities and stated capital so as to increase the difference between such amounts and the realizable value of the Corporation's assets, **thereby providing the Corporation with additional flexibility to pay dividends, if, as and when declared by the Board**. The proposed Stated Capital Reduction will have no impact on the Corporation's day-to-day operations and will not alter the Corporation's financial condition.

A corporation may not reduce its stated capital if there are reasonable grounds for believing that:

(a) the corporation is, or would after the reduction be, unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

There are no reasonable grounds for believing that the Corporation is, or would after the Stated Capital Reduction be, unable to pay its liabilities as they become due, or the realizable value of the Corporation's assets would therefore be less than the aggregate of its liabilities.

Based on the Board's assessment of the Corporation's financial requirements and the value of its net realizable assets, the Board has determined that the Corporation should undertake the Stated Capital Reduction. The Board wishes to reduce the stated capital account of the Shares by an aggregate amount of up to $150,000,000. The Board of Directors believes that the Stated Capital Reduction will benefit the Corporation on a go-forward basis by providing more flexibility in managing the Corporation's capital structure, including its ability to pay dividends on the Shares. **Management recommends that Shareholders vote in favour of the reduction of stated capital.**

The Stated Capital Reduction, as herein proposed, will have no immediate income tax consequences to Shareholders. The Stated Capital Reduction may have an effect, in certain circumstances, if the Corporation is wound up or makes a distribution to its Shareholders, or if the Corporation redeems, cancels or acquires its Shares. As a general rule, upon such transactions, the Shareholders will be deemed to have received a dividend to the extent that the amount paid or distributed exceeds the stated capital of the Shareholder's Shares. As the Stated Capital Reduction will only be effected after the Share Restructuring, the Share Restructuring will not be adversely impacted by the Stated Capital Reduction.

At the Meeting, the Shareholders will be asked to approve the following special resolution (the "**Capital Reduction Special Resolution**"):

BE IT RESOLVED THAT:

1. the stated capital account of the Shares of the Corporation be reduced by an aggregate of up to $150,000,000, all as more particularly described in the Information Circular;

2. notwithstanding the approval of the Shareholders, as herein provided, the Shareholders hereby expressly authorize the board of directors of the Corporation to revoke this resolution before it is acted upon without requiring further approval of the Shareholders in that regard; and

3. any one director or officer of the Corporation be and is hereby authorized and directed, upon the board of directors resolving to give effect to this resolution, to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments and do all such other acts or things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution

To be effective, the Capital Reduction Special Resolution must be passed by at least two-thirds of the votes cast at the Meeting. **Unless otherwise directed, it is intended that the Shares represented by the proxies hereby solicited will be voted in favour of the approval of the Stated Capital Reduction.**

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 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 as of the date hereof.

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
Corey C. Ruttan[(2)] Alberta, Canada Director	2,547,852	September 25, 2013	President, Chief Executive Officer and Director of Alvopetro.
Firoz Talakshi[(1)] Alberta, Canada Director	116,500	November 19, 2013	From October 2012 to December 2018, Senior Advisor, KPMG International Corporate Tax, Calgary (retired December 2018).
Geir Ytreland[(2)] Drobak, Norway Director	175,469	November 19, 2013	Independent geologist.
John D. Wright[(2)(3)] Alberta, Canada Chairman of the Board	4,456,926	September 25, 2013	President, Analogy Capital Advisors Inc. since March 2017. From January 2017 to June 2017, Director, President and Chief Executive Officer of Ridgeback Resources Inc. (energy company). President, Chief Executive Officer and Director of Lightstream Resources Ltd. (energy company) from May 2011 to December 2016.
Kenneth R. McKinnon[(1)(3)] Alberta, Canada	307,081	November 19, 2013	Independent consultant. Partner at Citrus Capital Partners Ltd. (advisory and consulting firm) from January 2014 to June 2020.
Roderick L. Fraser[(1)(3)] New York, USA	148,500	December 16, 2013	From October 2017 to May 2020, non-executive Chairman of Dommo Energía S.A. From August 2014 to June 2017, Managing Director and Head of Oil and Gas, Latin America for MUFG Union Bank (retired June 2017).

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

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.

Bankruptcies and Insolvencies

Except as otherwise disclosed below, 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.

Mr. John D. Wright was a director of Spyglass Resources Corp. (“Spyglass”), a reporting issuer listed on the Toronto Stock Exchange, until his resignation on November 26, 2015, when Spyglass was placed into receivership by the Court of Queen’s Bench of Alberta following an application by its creditors.

Mr. John D. Wright was the President and Chief Executive Officer and a director of Lightstream Resources Ltd. (“Lightstream”) and Messrs. Corey C. Ruttan and Kenneth R. McKinnon were directors of Lightstream when it obtained creditor protection under the Companies’ Creditors Arrangement Act (Canada) (“CCAA”) on September 26, 2016. On December 29, 2016, as a result of the CCAA sales process, substantially all of the assets and business of Lightstream were sold to Ridgeback Resources Inc. (“Ridgeback”), a new company owned by former holders of Lightstream’s secured notes. Mr. Ruttan and Mr. McKinnon resigned as directors of Lightstream upon formation of Ridgeback. Mr. Wright resigned as an officer and director of Lightstream and was concurrently appointed President and Chief Executive Officer and a director of Ridgeback upon closing of the sale transaction with Lightstream, a position he held to June 2017.

On November 30, 2017, Mr. John D. Wright became a director of OAN Resources Ltd. ("OAN"), a private issuer and on May 17, 2018, Mr. Corey C. Ruttan also became a director of OAN. On June 14, 2019, the management of OAN filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the Bankruptcy and Insolvency Act to restructure OAN's affairs. Mr. Wright and Mr. Ruttan resigned as directors of OAN on October 10, 2019. OAN was unable to file a proposal within the provided period and was deemed to have made an assignment into bankruptcy on October 13, 2019.

Penalties and Sanctions

Except as otherwise 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 ASC. 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 Professional Accountant in good standing.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This discussion describes the Corporation's compensation program for its named executive officers (the "Named Executives") for the year ended December 31, 2020, which consisted of Corey C. Ruttan, President and Chief Executive Officer, Alison Howard, Chief Financial Officer and Adrian Audet, Vice President, Asset Management.

Compensation Committee and Compensation Governance

The members of the Compensation Committee of the Board (the "Compensation Committee") 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. 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.

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 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 include 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. Mr. Kenneth McKinnon has direct experience relevant to his role on the Compensation Committee, as Mr. McKinnon is currently the Chairman of the Compensation Committee of Touchstone Exploration Inc. Previously, he was Chairman of the Compensation and Governance Committee of The Supreme Cannabis Company, Inc., Chairman of the Compensation Committees of Lightstream Resources Ltd. and served on the Board of Governors of the University of Calgary and as a Director of Alberta Innovates, holding positions on the Executive Committee and as a Chairman of the Compensation and Governance Committee in each organization.

The Chairman of the Compensation Committee held informal meetings throughout the year with the President and Chief Executive Officer. The Compensation Committee met twice in 2020 and has met twice to date in 2021.

Executive Compensation

The Named Executive compensation program is administered by the Compensation Committee. The President and Chief Executive Officer of the Corporation typically attends meetings of the Compensation Committee but does not have the right to vote on any matter before the Compensation Committee. All Compensation Committee meetings 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.

The Compensation Committee establishes and approves base salaries, cash bonuses, share-based compensation and benefits for the Named Executives. Each component of compensation is determined on an individual basis for each Named Executive. The Compensation Committee utilizes a compensation program based on an assessment of the overall performance of the

Corporation, relative performance of the Corporation compared to its peers and the achievements and overall contribution of each individual Named Executive.

The Compensation Committee retains and does 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 reports to the Board on the major items covered at each Compensation Committee meeting.

In addition, the Compensation Committee considers peer analysis and may consider compensation surveys completed by independent third parties when making certain decisions with respect to Named Executive compensation and while considering compensation budgets. 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. The Compensation Committee did not identify any risks associated with the Corporation's compensation policies and practices for the year-ended December 31, 2021.

Alvopetro has a formal human rights policy which details the Corporation's commitments to ensuring that everyone at Alvopetro is treated with respect, with no tolerance for any discrimination on any basis and to providing a workplace that is free from harassment, violence or other such behaviors. The Corporation also seeks to ensure pay equity among all employees. The Board of Directors has empowered the Chief Executive Officer to ensure adherence to these policies throughout the organization.

Currency

Except as otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "$" are to Canadian dollars.

2020 Compensation

Overview

2020 was an exceptional year for Alvopetro. While the COVID-19 pandemic resulted in an unprecedented reduction in global demand for oil and natural gas and a sharp decline in commodity prices and restrictions in place by health authorities challenged supply chains worldwide, Alvopetro was able to complete all remaining infrastructure development for the Caburé natural gas field, commissioning both the natural gas processing facility and the transfer pipeline in the second quarter of 2020. Natural gas deliveries from the field commenced on July 5, 2020, and Alvopetro generated funds flow from operations[1] of US$7.9 million in the second half of 2020. In addition, the Corporation advanced its Gomo natural gas project with additional testing of the 183(1) well, contributing to a 21% increase in Alvopetro's total proved plus probable reserves[2] from December 31, 2019 to December 31, 2020, mainly due to the addition of Gomo development locations. Reserves additions replaced 2020 production by 154% on a proved basis and 594% on a proved plus probable basis. Lastly, GLJ Ltd. completed an assessment of the Corporation's Gomo natural gas resource and assigned risked best estimate contingent resource of 3.5 million barrels of oil equivalent ("mmboe") with a before tax net present value discounted at 10% of US$37.7 million and risked best estimate prospective resource of 12.1

[1] See "*Non-GAAP Measures*".

[2] Based on independent reserves evaluation by GLJ Ltd. dated March 8, 2021 with an effective date of December 31, 2020. Full disclosure with respect to Alvopetro's reserves at December 31, 2020 is included in the annual information form which is filed on SEDAR (www.SEDAR.com).

mmboe with a before tax net present value discounted at 10% of US$144.8 million[3].

In light of these achievements, the Compensation Committee determined that the compensation of the Named Executives should be adjusted to reflect the operational successes of the Corporation. The details of these adjustments, effective for the 2020 year and in future years are further discussed below in "*Base Salaries*" and "*Bonuses*". The Compensation Committee determined that these adjustments were necessary to ensure the Corporation is providing compensation commensurate with performance in order to be able to attract and retain individuals of exceptional skill.

Base Salaries

Base salaries provide an immediate cash incentive for the Named Executives and are generally expected to be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent. The Compensation Committee set 2020 base annual salaries for the Named Executives of $290,000 for the President and Chief Executive Officer and $220,000 for the Chief Financial Officer. The Vice President, Asset Management, was appointed to his executive position as of August 12, 2020 with an annual base salary of $175,000. Prior thereto, the Vice President, Asset Management, served as Operations Director for the Corporation.

The base salaries were reviewed in comparison 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 2020, the Peer Comparison Group consisted of Condor Petroleum Inc., Crown Point Energy Inc., Maha Energy AB, Pan Orient Energy Corp., PetroTal Corp., Renaissance Oil Corp. and Valeura Energy Inc. (collectively, the "**Peer Comparison Group**").

Relative to the Peer Comparison Group, the base salaries of the Named Executives of the Corporation are below average. The Named Executives recognize this was in light of the Corporation's size of operations, stage of growth, and the commitment of the Named Executives to the Corporation's growth and future success to maximize alignment with the Shareholders. The Compensation Committee determined that base salary adjustments were appropriate for each of the Named Executives and base annual salaries were increased to $320,000 for the President and Chief Executive Officer, $235,000 for the Chief Financial Officer, and $200,000 for the Vice President, Asset Management, all effective January 1, 2021.

Bonuses

The Compensation Committee strives to provide executive compensation that motivates executives to increase long-term shareholder value through an appropriate mix of short and long-term incentives. In all prior years up to and including 2019, the Compensation Committee had determined that it was appropriate to focus on long-term incentives for the Named Executives and cash bonuses were not awarded in any prior year. In July 2020, the Corporation commenced natural gas deliveries from its Caburé natural gas field. Following the achievement of this significant milestone, the Compensation Committee approved bonuses for the Name Executives which were awarded in August 2020 (the "Milestone Bonus"). The Milestone Bonus was intended to compensate the Named Executives for past performance over multiple years leading up to commencement of natural gas deliveries for all achievements to bring the project on production including the negotiation and execution of all necessary agreements (including the Caburé field unitization and the Bahiagas gas sales agreement), receipt of all regulatory approvals, completion of the necessary equity and debt financings, and completion of the field development plan and the construction of all infrastructure. The Named Executives were awarded a cash bonus as well as a grant of restricted share units ("RSUs") under the Incentive Share Plan as part of the Milestone Bonus. The President and Chief Executive Officer was awarded a cash bonus $300,000 and granted 360,000 RSUs. Each of the Chief Financial Officer and the Vice President, Asset Management were awarded a cash bonus of $125,000 and granted 150,000 RSUs. The RSUs granted vest over three years and expire on August 17, 2025.

Following the commencement of natural gas deliveries in July 2020, the Compensation Committee determined it was appropriate to establish an annual bonus plan for all executive officers (the "H2 2020 Bonus"). As production commenced on July 5, 2020, the bonus for 2020 was limited to the second half of 2020. The H2 2020 Bonus amounts were determined by the

[3] Contingent and prospective resource assessment as evaluated by GLJ Ltd. with an effective date of December 31, 2020. Full details are included in the Corporation's news release dated March 23, 2021, and supplementary information is included in the annual information form which is filed on SEDAR (www.SEDAR.com).

Compensation Committee based on the performance of the Corporation in the second half of the year, considering various factors including production levels, earnings before interest, taxes, depletion, and amortization ("EBITDA")[4], the December 31, 2020 reserves evaluation and contingent and prospective resource assessments, and the Corporation's safety record. In determining the Annual Bonus for each individual executive, the Compensation Committee also determined specific target levels and maximum bonus levels, each expressed as a percentage of base salary, for each of the Named Executives as follows:

Name	Target Bonus (% of Base Salary)	Maximum Bonus (% of Base Salary)
President and Chief Executive Officer	100%	200%
Chief Financial Officer	70%	140%
Vice President, Asset Management	70%	140%

The Compensation Committee acknowledged that the Corporation exceeded expectations relative to H2 2020 objectives but limited H2 2020 Bonus to target bonus levels for the President and Chief Executive Officer and the Chief Financial Officer and set the Vice President, Asset Management's bonus at the same level as the Chief Financial Officer. The Compensation Committee approved the award of the H2 2020 Bonus to each executive in a meeting of the Compensation Committee held in June 2021. The Compensation Committee awarded an H2 2020 Bonus of $145,000 to the President and Chief Executive Officer and a H2 2020 Bonus of $77,000 to each of the Chief Financial Officer and Vice President, Asset Management, all of which were paid in June 2021.

Stock Option Plan and Incentive Share Plan

The Corporation uses the Option Plan and the Incentive Share Plan, together referred to as the "Incentive Plans", as a part of its long-term compensation strategy for the Named Executives and directors. The Incentive Plans are intended to align executive and director interests with shareholder interests by creating a direct link between compensation and Share performance. All Option and Incentive Share grants were approved by the Compensation Committee based on its subjective assessment of the appropriate base level of incentive share holdings by the Named Executives after considering the Corporation's development to-date and the current capital base of the Corporation.

For further details on the Incentive Plans please refer to the headings "*Option Plan*" and "*Incentive Share Plan*".

Other Compensation

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 the President and Chief Executive Officer and the Chief Financial Officer a company paid parking stall or allowance, included under "*All Other Compensation*" under the heading "*Named Executive Compensation – Summary Executive Compensation Table*" below. In addition, the Corporation shares the cost of an additional insurance program with the President and Chief Executive Officer for him, of which the cost to the Corporation is disclosed under the heading "*Named Executive Compensation - Summary Executive Compensation Table*" under the column titled "*All Other Compensation*". All other amounts included in the column entitled "All Other Compensation" relate to benefits provided to other employees, including RRSP matching programs and health care spending accounts.

[4] See "*Non-GAAP Measures*".

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).

Corporate Policies

Alvopetro does not currently have a "clawback" policy in respect of incentive compensation earned by executive officers. The Corporation does intend to implement a formal policy in 2021 to ensure that if an executive engages in wilful misconduct, negligence or fraud and such actions contribute to an accounting restatement, the Board can require that an executive officer reimburse the Corporation for all, or part of the incentive compensation (cash or share based awards) earned by such executive officer.

Alvopetro has a formal Code of Conduct which applies to all employees, officers and directors and sets out the Company's core values and requirements for compliance with respect to various policies of the Company. Topics addressed in the code of conduct include matters concerning human rights, anti-corruption, confidentiality, conflicts of interest, insider trading, business conduct and ethics, and whistleblower reporting. All employees, officers, and directors are required to certify annually that they understand the code of conduct (including the human rights policy) and provide confirmation of compliance, along with confirmation that any noncompliance has been reported appropriately as provided for under the code of conduct and related policies. A copy of the code of conduct and the human rights policy is available on the Company's website at www.alvopetro.com.

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, 2020.

Name and Principal Position	Year	Salary[1] ($)	Share-Based Awards[2] ($)	Option-Based Awards[3] ($)	Annual Incentive Plan[4] ($)	All other Compensation[5] ($)	Total Compensation ($)
COREY C. RUTTAN President and Chief Executive Officer	2020	290,000	255,600	72,069	445,000	16,811	1,079,480
	2019	250,000	-	68,884	-	20,964	339,848
	2018	250,000	-	105,624	-	20,973	376,597
ALISON HOWARD Chief Financial Officer	2020	220,000	106,500	43,242	202,000	14,914	586,656
	2019	193,800	-	41,331	-	16,113	251,244
	2018	193,800	-	66,147	-	17,329	277,276
ADRIAN AUDET[6] Vice President, Asset Management	2020	161,250	106,500	43,242	202,000	11,980	524,971
	2019	145,000	-	27,554	-	11,076	183,630
	2018	140,000	-	43,359	-	10,833	194,192

Notes:

(1) Salary, for the purposes of the above Summary Compensation Table, includes all earnings related to base salary paid to the Named Executive during the reporting year, and also includes payment for vacation days earned but not taken.

(2) Share-Based Awards consist of RSUs granted in 2020 under the Incentive Share Plan. The fair value of RSUs granted is estimated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Incentive Share Plan, see detailed provided herein under the heading "*Incentive Share Plan*".

(3) 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 "*Option Plan*".

(4) Amounts relate to cash bonuses awarded in the year to the Named Executives. See discussion above. 2020 amounts include the Milestone Bonus and the H2 2020 Bonus.

(5) 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 savings plans, parking, life insurance premiums, health spending account and fitness reimbursements, and additional health insurance plans. Amounts included in "All Other Compensation" are typically available to all employees, other than the additional health insurance plan for Mr. Ruttan.

(6) Mr. Audet was appointed to the position of Vice President, Asset Management on August 12, 2020. Prior thereto, he held various positions with the Corporation, including, most recently, Operations Director.

Outstanding Options as at December 31, 2020

The following table sets forth, with respect to each of the Named Executives, details regarding Options outstanding as at December 31, 2020.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options[1] ($)
COREY C. RUTTAN President and Chief Executive Officer	450,000	0.21	14-Dec-2021	229,500
	375,000	0.32	23-May-2023	150,000
	375,000	0.43	23-Nov-2023	108,750
	250,000	0.75	19-Nov-2024	-
	250,000	0.82	24-Nov-2025	-
ALISON HOWARD Chief Financial Officer	90,000	0.29	1-Feb-2021	38,700
	300,000	0.21	14-Dec-2021	153,000
	250,000	0.32	23-May-2023	100,000
	225,000	0.43	23-Nov-2023	65,250
	150,000	0.75	19-Nov-2024	-
	150,000	0.82	24-Nov-2025	-
ADRIAN AUDET Vice President, Asset Management	50,000	0.29	1-Feb-2021	21,500
	160,000	0.21	14-Dec-2021	81,600
	160,000	0.32	23-May-2023	64,000
	150,000	0.43	23-Nov-2023	43,500
	100,000	0.75	19-Nov-2024	-
	150,000	0.82	24-Nov-2025	-

Note:

(1) The value of unexercised in-the-money Options is calculated for outstanding vested and unvested Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Shares on the TSXV on December 31, 2020, being $0.72.

Outstanding Share-Based Awards as at December 31, 2020

The following table sets forth, with respect to each of the Named Executives, details regarding RSUs outstanding as at December 31, 2020.

Name	Number of RSUs that have not vested (#)	Expiration Date	Value of RSUs that have not vested[1] ($)	Value of vested RSUs not distributed [2] ($)
COREY C. RUTTAN President and Chief Executive Officer	360,000	17-Aug-2025	259,200	-
ALISON HOWARD Chief Financial Officer	150,000	17-Aug-2025	108,000	-
ADRIAN AUDET Vice President, Asset Management	150,000	17-Aug-2025	108,000	-

Notes:

(1) RSUs granted in August 2020 and will vest in one-third increments in August 2021, August 2022 and August 2023. Each RSU entitles the holder to receive one Share upon vesting. The value of RSUs is based on the closing price of the Shares on the TSXV on December 31, 2020, being $0.72.

(2) No RSUs vested during the year ended December 31, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, with respect to each of the Named Executives, the aggregate dollar value that would have been realized if the Options which vested in 2020 had been exercised on the vesting date, as well as the cash bonus granted to the Named Executives during the year ended December 31, 2020. With respect to the RSUs granted in August 2020, no portion thereof vested during the year ended December 31, 2020.

Name	Options Value vested during 2020[(1)] ($)	RSUs Value vested during 2020 ($)	Non-Equity Incentive Plan Compensation earned during the year ($)
COREY C. RUTTAN President and Chief Executive Officer	106,250	-	445,000
ALISON HOWARD Chief Financial Officer	67,417	-	202,000
ADRIAN AUDET Vice President, Asset Management	43,967	-	202,000

Note:

(1) The value vested during 2020 is calculated based on the number of Options which vested in the year multiplied by the difference between the closing price of the Shares on the TSXV on each of the applicable vesting dates and the exercise price of the Options on the vesting date.

Compensation Securities Exercised

The following table discloses, with respect to each of the Named Executives, the details associated with all exercises of compensation securities during the year ended December 31, 2020.

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security ($)	Date of exercise	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
COREY C. RUTTAN President and Chief Executive Officer	Options	300,000	0.40	8-Jan-2020	0.79	0.39	117,000
ALISON HOWARD Chief Financial Officer	Options	150,000	0.40	8-Jan-2020	0.79	0.39	58,500
ADRIAN AUDET Vice President, Asset Management	Options	40,000	0.40	8-Jan-2020	0.79	0.39	15,600
COREY C. RUTTAN President and Chief Executive Officer	Options	100,000	0.45	25-Mar-2020	0.60	0.15	15,000
ALISON HOWARD Chief Financial Officer	Options	87,000	0.45	25-Mar-2020	0.60	0.15	13,050
ADRIAN AUDET Vice President, Asset Management	Options	48,000	0.45	25-Mar-2020	0.60	0.15	7,200
ALISON HOWARD Chief Financial Officer	Options	150,000	0.28	28-Sep-2020	0.55	0.27	40,500
COREY C. RUTTAN President and Chief Executive Officer	Options	300,000	0.28	29-Sep-2020	0.60	0.32	96,000
COREY C. RUTTAN President and Chief Executive Officer	Options	120,000	0.29	29-Sep-2020	0.60	0.31	37,200
ADRIAN AUDET Vice President, Asset Management	Options	40,000	0.28	5-Oct-2020	0.55	0.27	10,800

Pension and Retirement Plans

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

Employment Agreements and Termination and Change of Control Benefits

The President and Chief Executive Officer and the Chief Financial Officer each have employment agreements with the Corporation (the "Employment Agreements"). If the Employment Agreement is terminated without cause, or the Named Executive is Constructively Dismissed (defined below), or upon a change of control provided there exists Good Reason (as defined below), then the Named Executive is entitled to payment of an amount as set forth in the table below.

Named Executive	Payment upon Change of Control provided Constructive Dismissal Occurs
President and Chief Executive Officer	Equal to the cash equivalent of his base salary for twenty-four (24) months, as well as the cash equivalent of the average of his prior two (2) years' annual bonus (both cash and share based incentive components) multiplied by two (2).
Chief Financial Officer	Equal to the cash equivalent of her base salary for twelve (12) months, as well as the cash equivalent of the average of her prior two (2) years' annual bonus (both cash and share based incentive components) multiplied by one and a half times (1.5).

In the Employment Agreements, "Constructive Dismissal" means one or more of the following changes in the circumstances of the Named Executive's employment: (i) material reduction or diminution in the position, level of authority, responsibility, duties or reporting relationship of the Named Executive; (ii) a material reduction in the Named Executive's base salary; (iii) a material reduction in the value of the Named Executive's benefits plans, incentive plans or vacation; or (iv) the elimination by the Corporation of the Corporation's bonus or incentive plans without a materially similar replacement; or (v) a requirement to relocate to another city, province or country. "Good Reason" means one or more of the following changes in the Named Executive's employment following a change of control: (i) a Constructive Dismissal of the Named Executive; (ii) the assignment to the Named Executive of any duties materially inconsistent with his or her current duties and responsibilities as an Named Executive of the Corporation or a material alteration in the nature of his responsibilities or duties or reporting relationship from those in effect immediately prior to a change in control of the Corporation; (iii) a material change to the market capitalization of the Corporation following a change of control.

Estimated Payment Made to Named Executive Officers upon Termination of Employment Agreements

The following table provides a calculation of the payments that would have to be made to the Named Executives pursuant to their applicable Employment Agreement under the noted events with and without a deemed change of control. All payments are calculated assuming the date of the termination event was, and if applicable, a change of control occurred, on December 31, 2020. The disclosed values represent payments made pursuant to the terms of the Employment Agreements.

	WITHOUT A CHANGE OF CONTROL		WITH A CHANGE OF CONTROL	
Name	Payment made in the Event of Termination with Cause ($)	Payment made in the Event of Termination Without Cause ($)	Payment made in the Event of Retirement or Death ($)	Payment made Following a Change of Control[(1)] ($)
Corey C. Ruttan	nil	1,280,600	nil	1,576,050
Alison Howard	nil	451,375	nil	581,125

Note:

(1) The calculations in this table are based on the assumption that upon a change of control, Good Reason exists. In accordance with the Option Plan and the Incentive Share Plan, in the event of a change in control of the Corporation, all unvested Options and RSUs shall vest and be exercisable at such time as is determined by the Board. The above amounts include an additional $295,450 for Mr. Corey C. Ruttan and $129,750 for Ms. Alison Howard, being the value of outstanding unvested Options and unvested RSUs. The value of outstanding Options and RSUs is based on the difference between the exercise price for each applicable option grant (nil in the case of RSUs) and the closing price of the Shares on the TSXV on December 31, 2020, being $0.72.

Share Ownership Guidelines for Officers and Directors

Although the Directors and officers of the Corporation are always encouraged to invest in the Corporation and have historically maintained high levels of equity ownership, in 2021, the Board approved formal share ownership guidelines (the "Ownership Guidelines") for the Corporation's directors and officers. The Board is of the view that directors and officers can more effectively represent the interests of Shareholders if they have a significant investment in the Shares. The Ownership Guidelines require directors and officers to achieve and maintain an ownership level in the Corporation that the Compensation Committee views as significant in relation to each officer's annual salary and each director's board retainer, as set out below. For purposes of determining annual salary, the salary shall be the officer's current salary at the time of the calculation.

Office Held	Equity Ownership
President and Chief Executive Officer	5 times annual salary
Chief Financial Officer Chief Operating Officer Senior Vice President VP Legal and Corporate	2 times annual salary
Vice President All Other Executive Officers	1 times annual salary
Chairman of the Board	5 times annual cash fees earned with a minimum of 250,000 Shares and Deferred Share Units ("DSUs") held
Other Non-Executive Directors	3 times the annual cash fees earned with a minimum of 150,000 and DSUs Shares held

For purposes of calculating the value of Equity held by an officer or a director, it shall be calculated by the addition of: a) the number of Shares held by the officer or director multiplied by the greater of: 1) the original cost of Shares purchased by the officer or director based on the value on the acquisition date; and 2) the current fair market value of the Shares held, plus the value of vested RSUs held (in the case of officers) and the value of all DSUs held (in the case of non-executive directors), with the in-the-money value calculated by the weighted average trading price of the Shares on the TSXV for the five trading days immediately prior to the date of calculation.

The Ownership Guidelines were approved by the Board in 2021. Directors and officers have until the later of three (3) years from their initial appointment or December 31, 2021, to comply with these guidelines. As of the date hereof, Mr. Ruttan, Ms. Howard, Ms. Hatzinikolas, and Messrs. Wright, Ytreland, McKinnon, Talakshi and Fraser have achieved the respective share ownership thresholds while Mr. Audet has until August 12, 2023, to comply with these guidelines.

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 the directors. The Board has intentionally kept the number of directors low to manage overall costs while still ensuring a globally diverse and experienced Board. The main objectives of the compensation program for the directors are to attract and retain the services of the most qualified directors, compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in Board membership and is competitive with the Corporation's peers and align the interests of the directors with Shareholders. Corey C. Ruttan, the President and Chief Executive Officer of the Corporation, 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.

2020 Director Compensation

The Compensation Committee and the Board recognize that the fees earned by the Corporation's directors are below average relative to the Peer Comparison Group. For all years up to and including 2020, the Compensation Committee and the Board determined that this was appropriate based of the Corporation's size of operations, stage of growth, and the commitment to maximize alignment with the Shareholders. However, in recognition of the achievements of the Corporation as detailed above in "*Compensation Discussion and Analysis – 2020 Compensation*", the Compensation Committee and the Board determined that it was appropriate to also provide additional compensation to the directors to recognize the contribution efforts of each director to these achievements and in recognition of the fact that for the years 2014 to 2018, the annual cash compensation to each director was $10,000, significantly below our peers at that time. Each director was awarded a grant of 100,000 DSUs under the Corporation's Incentive Share Plan. The DSUs granted vest in three years and expire on June 28, 2026. The Board approved the award of the DSU grant to each director in a meeting held on June 28, 2021.

Directors' Compensation Table

The table below sets out the compensation provided to non-management directors in respect of 2020. The fair value of the Options and DSUs is estimated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Option Plan and the Incentive Share Plan, refer to the headings "*Option Plan*".

Name	Cash Fees Earned ($)	Option-Based Awards[(1)] ($)	Share-Based Awards[(2)] ($)	Total ($)
Firoz Talakshi	30,000	14,414	100,000	144,414
Geir Ytreland	30,000	14,414	100,000	144,414
John D. Wright	30,000	17,297	100,000	147,297
Kenneth R. McKinnon	30,000	14,414	100,000	144,414
Roderick L. Fraser	30,000	14,414	100,000	144,414

Note:

(1) 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 "*Option Plan*".

(2) Share-Based Awards consist of DSUs granted in 2021 under the Incentive Share Plan related to 2020 performance as discussed above in the section entitled "*2020 Director Compensation*". The fair value of DSUs granted is estimated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Incentive Share Plan, see detailed provided herein under the heading "*Incentive Share Plan*".

Outstanding Options as at December 31, 2020

The following table sets forth, with respect to each of the directors, details regarding Options outstanding as at December 31, 2020.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options[(1)] ($)
Firoz Talakshi	45,000	0.21	14-Dec-2021	22,950
	50,000	0.32	23-May-2023	20,000
	50,000	0.43	23-Nov-2023	14,500
	50,000	0.75	19-Nov-2024	-
	50,000	0.82	24-Nov-2025	-
Geir Ytreland	42,500	0.21	14-Dec-2021	21,675
	50,000	0.32	23-May-2023	20,000
	50,000	0.43	23-Nov-2023	14,500
	50,000	0.75	19-Nov-2024	-
	50,000	0.82	24-Nov-2025	-
John D. Wright	60,000	0.32	23-May-2023	24,000
	60,000	0.43	23-Nov-2023	17,400
	60,000	0.75	19-Nov-2024	-
	60,000	0.82	24-Nov-2025	-
Kenneth R. McKinnon	46,250	0.21	14-Dec-2021	23,588
	50,000	0.32	23-May-2023	20,000
	50,000	0.43	23-Nov-2023	14,500
	50,000	0.75	19-Nov-2024	-
	50,000	0.82	24-Nov-2025	-
Roderick L. Fraser	43,750	0.21	14-Dec-2021	22,313
	50,000	0.32	23-May-2023	20,000
	50,000	0.43	23-Nov-2023	14,500
	50,000	0.75	19-Nov-2024	-
	50,000	0.82	24-Nov-2025	-

Note:

(1) The value of unexercised in-the-money Options is calculated for outstanding vested and unvested Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Shares on the TSXV on December 31, 2020, being $0.72.

Incentive Plan Awards – Value Vested or Earned During the 2020 Year

The following table sets forth, with respect to each of the directors the aggregate dollar value that would have been realized if the Options which vested in 2020 had been exercised on the vesting date.

Name	Options Value vested during 2020[(1)] ($)
Firoz Talakshi	14,167
Geir Ytreland	14,167
John D. Wright	17,000
Kenneth R. McKinnon	14,167
Roderick L. Fraser	14,167

Notes:

(1) The value vested during 2020 is calculated based on the number of Options which vested in the year multiplied by the difference between the closing price of the Shares on the TSXV on each of the applicable vesting dates and the exercise price of the Options on the vesting date.

Outstanding Share-Based Awards as at December 31, 2020

The directors were not granted any non-equity incentive plan compensation or share based awards during the year-ended December 31, 2020. As discussed under the heading "Director Compensation – 2020 Compensation", directors were granted DSUs in June 2021 in recognition of achievements in 2020 and prior years. The following table sets forth, with respect to each director, details regarding DSUs outstanding as of the date of this Statement of Executive Compensation.

Name	Number of DSUs that have not vested (#)	Expiration Date	Value of DSUs that have not vested[1] ($)	Value of vested DSUs not distributed [2] ($)
Firoz Talakshi	100,000	June 28, 2026	100,000	-
Geir Ytreland	100,000	June 28, 2026	100,000	-
John D. Wright	100,000	June 28, 2026	100,000	-
Kenneth R. McKinnon	100,000	June 28, 2026	100,000	-
Roderick L. Fraser	100,000	June 28, 2026	100,000	-

Notes:

(1) DSUs granted in June 2021 and will vest in June 2024. Each DSU entitles the holder to receive one Share upon vesting. The value of DSUs is based on the closing price of the Shares on the TSXV on June 25, 2021, being the last trading date prior to grant date.

(2) No RSUs vested during the year ended December 31, 2020.

Compensation Securities Exercised

The following table discloses, with respect to each of the directors, the details associated with all exercises of compensation securities during the year ended December 31, 2020.

Name	Type of compensation security	Number of underlying securities exercised	Exercise price per security ($)	Date of exercise	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
Firoz Talakshi	Options	45,000	0.40	8-Jan-2020	0.79	0.39	17,550
Geir Ytreland	Options	42,500	0.40	8-Jan-2020	0.79	0.39	16,575
John D. Wright	Options	55,000	0.40	8-Jan-2020	0.79	0.39	21,450
Kenneth R. McKinnon	Options	46,250	0.40	8-Jan-2020	0.79	0.39	18,038
Roderick L. Fraser	Options	43,750	0.40	8-Jan-2020	0.79	0.39	17,063
Kenneth R. McKinnon	Options	46,250	0.28	8-Jan-2020	0.79	0.51	23,588
John D. Wright	Options	55,000	0.28	29-Sep-2020	0.60	0.32	17,460
John D. Wright	Options	55,000	0.21	29-Sep-2020	0.60	0.39	21,450
Roderick L. Fraser	Options	43,750	0.28	24-Nov-2020	0.75	0.47	20,563
Geir Ytreland	Options	42,500	0.28	25-Nov-2020	0.80	0.52	22,100
Firoz Talakshi	Options	45,000	0.28	08-Dec-2020	0.80	0.52	23,400

Non-GAAP Measures

This Information Circular contains financial terms that are not considered measures under International Financial Reporting Standards ("IFRS"), such as funds flow from operations and EBITDA. These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Specifically, funds flow from operations reflect cash generated from operating activities excluding changes in non-cash working capital. Management considers funds flow from operations important as it helps evaluate performance and demonstrate the Company's ability to generate sufficient cash to fund future growth opportunities. EBITDA is used to measure the Company's operating performance and cash available for reinvestment and distribution to stakeholders. Its most comparable GAAP measure is the Company's net income (loss) and is reconciled to such by adding back depletion and depreciation, impairment, interest and taxes. Funds flow from operations, and EBITDA may not be comparable to those reported by other companies nor should they be viewed as an alternative to cash flow from operations, net income or other measures of financial performance calculated in accordance with IFRS. For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non-GAAP Measures" section of the Company's MD&A which may be accessed through the SEDAR website at www.sedar.com.

EQUITY COMPENSATION PLANS

OPTION PLAN

General

The purpose of the Option Plan is to provide the directors, officers, employees and consultants of the Corporation (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 the Corporation, thus enhancing the value of the Shares for the benefit of all the Shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

The Option Plan is administered by the Board, but the Board may delegate administration to a committee of the Board consisting of not less than three (3) 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 the Corporation.

Option Grants and Exercise Price

Under the Option Plan, the Board may, from time to time, grant 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 (5) 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 the Corporation 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 TSXV 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 TSXV 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 TSXV 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, and must not be later than ten (10) years from the date of grant. Typically, Options granted expire after five (5) years. In the event that any Option expires during, or within two (2) business days after, a self-imposed blackout period on trading securities of the Corporation, such expiry date will be deemed to be extended to the tenth (10^{th}) business day following the end of the blackout period.

In the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of the Corporation or the termination by the Corporation of the employment of the Participant or the termination by the Corporation 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 (30th) day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by the Corporation; or (iii) the date the notice of termination of the consulting agreement is given by the Corporation 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 the Corporation 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 six (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 the Corporation, 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 the Corporation together with payment in full of the exercise price for the Shares which are the subject of the exercise. The Corporation will not provide Participants with financial assistance for the exercise of Options.

A Participant may offer to dispose of vested Options to the Corporation for cash in an amount not to exceed the fair market value thereof as determined by the Board and the Corporation has the right, but not the obligation to accept the Participant's offer.

A Participant may elect a net share exercise of Options, pursuant to which the Corporation shall satisfy any obligations to the Participant in respect of any Options exercised by the Participant by issuing such number of Shares to the Participant that is equal in value to the difference between the closing trading price of the Shares on the day prior to the date on which the Option is exercised and the exercise price. The Corporation has the right, but not the obligation to accept the Participant's election of the net share exercise.

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 the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation.

If a Participant elects to exercise an Option following the merger or consolidation of the Corporation 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.

INCENTIVE SHARE PLAN

General

The purpose of the Incentive Share Plan is to provide directors, officers and employees of, and consultants to, the Corporation with incentive compensation in the form of Shares issuable after defined vesting periods. This provides an increased incentive for the Participants to contribute to the future success of the Corporation, enhancing the value of the Shares for the benefit of all shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

Limitations under the Incentive Share Plan

The Incentive Share Plan provides that the maximum number of Shares reserved for issuance under the Incentive Share Plan shall not exceed 1,700,000 Shares, representing 1.7% of the Shares currently issued and outstanding. In addition, the maximum number of Shares reserved for issuance pursuant to both Incentives issuable under the Incentive Share Plan and options issued under the Option Plan at any time shall not exceed 10% of the issued and outstanding Shares at any such time. Incentives under the Incentive Share Plan consist of RSUs, Deferred Share Units ("DSUs"), and Performance Share Units ("PSUs"), all as more particularly described herein. As of the date hereof, there have been no Incentives granted pursuant to the Incentive Share Plan.

In addition: i) the aggregate number of Shares reserved for issuance pursuant to Incentives 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); ii) the aggregate number of Shares reserved for issuance pursuant to Incentives granted to Insiders, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Shares (on a non-diluted basis); iii) the aggregate number of Shares issued within any one year period to Insiders pursuant to Incentives, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Shares (on a non-diluted basis); iv) the number of Incentives issuable under the Incentive Share Plan within any one year period to any one individual may not exceed 1% of the outstanding Shares (on a non-diluted basis); and v) the number of Incentives issuable under the Incentive Share Plan within any one year period to Insiders, may not exceed 2% of the outstanding Shares (on a non-diluted basis).

Description of RSUs, PSUs and DSUs issuable under the Incentive Share Plan

RSUs are expected to typically vest as to one third on each of the first, second and third anniversaries of the date of grant. Upon vesting and exercise, each RSU can be redeemed by the holder, without the payment of any additional consideration, in exchange for: (i) one Share; or ii) at the sole election of the Corporation, a cash payment equal to the five (5) day volume weighted average trading price of the Shares on the TSXV prior to the date of exercise.

PSUs are expected to typically cliff vest after three years with a payout percentage between 0% and 250% calculated at the time of the vesting of a PSU based on performance criteria established by the Board in its discretion at the time of the grant. Upon vesting and exercise, each PSU can be redeemed by the holder, without the payment of any additional consideration, in exchange for: (i) a number of Shares equal to each Share multiplied by the payout percentage; or ii) at the sole election of the Corporation, a cash payment equal to the five (5) day volume weighted average trading price of the Shares, multiplied by the applicable payout percentage, on the TSXV prior to the date of exercise.

DSUs are the only type of incentive issuable under the Incentive Share Plan that may be issued to non-employee directors of the Corporation. DSUs granted are expected to typically vest on the third anniversary of the grant date or on the date that the non-employee director ceases to be a director of the Corporation for any reason, including change of control, resignation, retirement, death or failure to obtain re-election as a director under the Incentive Share Plan. Upon vesting and exercise, each DSU can be redeemed by the holder, without the payment of any additional consideration, in exchange for: (i) one Share; or ii) at the sole election of the Corporation, a cash payment equal to the five (5) day volume weighted average trading price of the Shares on the TSXV prior to the date of exercise.

Cash Settlement

The Corporation has the discretion to satisfy its obligation to issue a Share upon the vesting and redemption of Incentives by paying the cash value of such Share based on the five-day volume weighted average trading price of the Shares on the TSXV prior to date of exercise. To the extent that the Corporation elects to satisfy its obligation to issue a Share upon the vesting and redemption of a DSU, RSU or PSU by paying cash instead, there will be no reduction in the number of Shares remaining available for issuance pursuant to the Incentive Share Plan.

Acceleration of Vesting and Change of Control Provisions

The Board may, in its sole discretion at any time, accelerate vesting of Incentives previously granted. In the event a change of control of the Corporation, as defined in the Incentive Share Plan, is contemplated or has occurred, all Incentives which have not otherwise vested in accordance with their terms shall vest upon the occurrence of the change of control or such earlier or later time as is determined by the Board.

Termination and Assignment

In the event of the resignation, retirement or death of a Participant, or the termination of the employment of a Participant, whether with or without cause or reasonable notice, all unvested RSUs and PSUs held by the Participant shall immediately cease and terminate and thereafter shall be of no further force or effect whatsoever. Incentives granted to Participants are non-assignable.

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. The Corporation expects 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 (defined below) have written mandates. Refer to Schedule A 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 (6) 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 Alvopetro.

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 holds a dedicated Board strategy session each year to ensure alignment and to facilitate clear communication between the Board and senior management with respect to corporate strategy. Discussions also occur at 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.

In 2020, the Board held five (5) meetings, at which all directors were in attendance. In 2020, the Audit Committee of the Board (the "Audit Committee") held four (4) meetings, at which all committee members were in attendance. In 2020, the Reserves

Committee of the Board (the "Reserves Committee") held two (2) meetings, at which all committee members were in attendance and the Compensation Committee held two (2) meetings, at which all committee members were in attendance.

Members of the Alvopetro 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	Touchstone Exploration Inc.
Corey C. Ruttan	----
Firoz Talakshi	----
John D. Wright	Touchstone Exploration Inc.
Roderick L. Fraser	----

Committees of the Board

The Board has three (3) committees: the Audit Committee, the Reserves Committee and the Compensation Committee (collectively, the "Committees"). 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 Chair of each Committee of the Board is charged with leading and assessing each committee to ensure it fulfills its mandate.

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, evaluating and determining 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 and reviewing the preparation of the independent reserves evaluation of the Corporation.

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's Core Values outline the four main guiding principles of the Corporations: Create Value, Build Trust, Be Accountable and Innovate. The Core Values are part of the Corporation's Code of Conduct which encourages and promotes a

culture of ethical business conduct within the Corporation. The Corporation has also formalized a Human Rights Policy which outlines its commitment to human rights and all process and procedures to be undertaken in adherence of the policy.

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, the Disclosure Policy covers the timely reporting of material information in accordance with applicable laws and rules. The Disclosure Policy is administered by senior officers who are responsible for reviewing material public disclosures.

The Corporation 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.

In addition, the Corporation has formal anti-corruption policies as part of its Code of Conduct and requires all employees and directors to complete an annual certification each year with respect to anti-corruption and all of the policies of the Corporation. Compliance with the Corporation's various policies is monitored by management of the Corporation, with reports to the Board, if necessary.

The Corporation's Core Values, Code of Conduct, Human Rights Policy and Whistleblower Policy are available on the Corporation's website at www.alvopetro.com.

Management prepares informational memos that are distributed to all staff members on topics that are relevant to the Corporation and the applicable legislation under which we operate.

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.

The Corporation's director nomination process recognizes the benefits of diversity. The Corporation has not adopted specific targets regarding women or other diverse groups on the Board as it does not believe that such quotas are necessary at this time given the size of the Board, and its existing nomination process.

Board Assessments

The Board periodically reviews the effectiveness of the Board, its committees, and the contributions of individual Board members. The objective of the assessments are 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 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, 2020, 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 Annual Information Form, which information is hereby incorporated by reference. The Annual Information Form can be found on SEDAR at www.sedar.com or on the Corporation's website at www.alvopetro.com.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's financial statements and Management's Discussion and Analysis 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, or by mail to Alvopetro Energy Ltd., Suite 1920, 215 – 9th Avenue SW, Calgary, Alberta, T2P 1K3, 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 of 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.

SCHEDULE “B” – CHANGE OF AUDITOR – REPORTING PACKAGE

NOTICE OF CHANGE OF AUDITOR

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marches financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland and Labrador)
Office of the Superintendent of Securities (Northwest Territories)
Office of the Superintendent of Securities (Yukon)
Nunavut Securities Office

AND TO: Deloitte LLP, Chartered Professional Accountants

AND TO: KPMG LLP, Chartered Professional Accountants

This Notice of Change of Auditor is made pursuant to Section 4.11 of Part 4 of National Instrument 51-102 – *Continuous Disclosure* Obligations ("**NI 51-102**").

1. Deloitte LLP ("**Deloitte**") has been requested by Alvopetro Energy Ltd. (the "**Corporation**") to resign as auditor of the Corporation effective May 3, 2021 (the "**Effective Date**") and Deloitte so resigned as of the Effective Date.

2. The audit committee of the board of directors and the board of directors of the Corporation have considered and approved the decision of management of the Corporation to request the resignation of Deloitte and have appointed KPMG LLP as the successor auditors of the Corporation as of the Effective Date to hold office until the next annual meeting of shareholders of the Corporation.

3. There were no modified opinions in Deloitte's reports on the Corporation's consolidated financial statements for the two most recently completed fiscal years nor for any period subsequent thereto for which an audit report was issued and preceding the date hereof.

4. There have been, in the opinion of the Corporation, no reportable events (as such term is defined in NI 51-102) in respect of the Corporation's consolidated financial statements for the two most recently completed fiscal years nor for any period subsequent thereto for which an audit report was issued and preceding the date hereof.

DATED at Calgary, Alberta this 3rd day of May, 2021.

ALVOPETRO ENERGY LTD.

Per: 
Alison Howard
Chief Financial Officer

KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Nova Scotia Securities Commission
The Office of the Superintendent of Securities, Consumer, Corporate and Insurance Services Division, Prince Edward Island
Office of the Superintendent of Securities, Service Newfoundland & Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Nunavut

May 4, 2021

To whom it may concern:

Re: Notice of Change of Auditors of Alvopetro Energy Ltd.

We have read the Notice of Alvopetro Energy Ltd. dated May 3, 2021 and are in agreement with the statements contained in such Notice.

Yours very truly,

KPMG LLP

Chartered Professional Accountants
Calgary, Canada

Deloitte.

Deloitte LLP
700, 850 2 Street SW
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 587-774-5379
www.deloitte.ca

May 5, 2021

To: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland and Labrador)
Office of the Superintendent of Securities (Northwest Territories)
Office of the Superintendent of Securities (Yukon)
Nunavut Securities Office

Dear Sirs/Mesdames:

As required by subparagraph (5)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Alvopetro Energy Ltd. dated May 3, 2021 (the "Notice") and, based on our knowledge of such information at this time, we agree with all the statements contained in the Notice.

Yours truly,

Deloitte LLP

Chartered Professional Accountants

SCHEDULE "C" – STOCK OPTION PLAN

ARTICLE 1 – PURPOSE OF THE PLAN

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common 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 the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

ARTICLE 2 – DEFINED TERMS

Where used herein, the following terms shall have the following meanings, respectively:

(a) **"Board"** means the board of directors of the Corporation;

(b) **"Change of Control"** means the occurrence of any one or more of the following:

i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Subsidiaries and another corporation or other entity, as a result of which the holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its Subsidiaries;

iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

iv) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Subsidiaries and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or

vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, "**Voting Securities**" means Common Shares and any other shares entitled to vote for the election of directors of the Corporation and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors of the Corporation but are convertible into or exchangeable for shares which are entitled to vote for the election of directors of the Corporation including any options or rights to purchase such shares or securities;

(c) **"Common Shares"** means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 7 hereof, such other shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;

(d) "**Consultant**" has the meaning ascribed thereto in the Exchange Policies;

(e) **"Corporation"** means Alvopetro Energy Ltd. and includes any successor corporation thereof;

(f) **"Exchange"** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on TSX Venture Exchange, 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;

(g) "**Exchange Policies**" means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;

(h) **"Holding Company"** means a holding company wholly-owned and controlled by a Participant;

(i) **"Insider"** has the meaning ascribed thereto in the Exchange Policies;

(j) **"Market Price per Share"** shall mean the volume weighted average trading price per share for the Common Shares on the Exchange for the five (5) consecutive trading days ending on the last trading day preceding the date that the applicable Option is granted;

(k) **"Option"** means an option to purchase Common Shares granted by the Board to a Participant, subject to the provisions contained herein;

(l) **"Option Price"** means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted in accordance with Articles 4 and 7 hereof,

(m) **"Participants"** means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries;

(n) **"Plan"** means this Stock Option Plan of the Corporation, as the same may be amended or varied from time to time;

(o) **"RRSP"** means a registered retirement savings plan;

(p) **"Subsidiaries"** means any corporation that is a subsidiary of the Corporation, as such term is defined under subsection 2(4) of the Business Corporations Act (Alberta), as such provision is from time to time amended, varied or re-enacted;

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Toronto Stock Exchange Company Manual.

ARTICLE 3 – ADMINISTRATION OF THE PLAN

3.1. The Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three (3) directors.

3.2. The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

ARTICLE 4 – GRANTING OF OPTIONS

4.1. The Board may, from time to time, grant Options to such Participants as it chooses and, subject to the restrictions herein, in such numbers as it chooses. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.

4.2. The aggregate number of Common Shares that may be reserved for issuance under the Plan, together with any Common Shares reserved for issuance under any other share compensation arrangement implemented by the

Corporation after the date of the adoption of this Plan, shall be equal to 10% of outstanding Common Shares (on a non-diluted basis) outstanding at that time. This prescribed maximum may be subsequently increased to any other specified amount, provided the change is authorized by a vote of the shareholders of the Corporation. If any Options granted under this Plan shall expire, terminate or be cancelled for any reason without having been exercised in full, any unpurchased Common Shares to which such Options relate shall be available for the purposes of granting of further Options under this Plan. No fractional shares may be purchased or issued hereunder.

4.3. Any grant of Options under the Plan shall be subject to the following restrictions:

(a) the aggregate number of Common 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 Common Shares (on a non-diluted basis);

(b) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders pursuant to the Plan, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Common Shares (on a non-diluted basis); and

(c) the aggregate number of Common 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 Common Shares (on a non-diluted basis);

(d) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one person who is a Consultant in any twelve (12) month period, may not exceed 2% of the issued and outstanding Common Shares (on a non-diluted basis); and

(e) the aggregate number of Common 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 Common Shares (on a non-diluted basis).

The aforementioned limits of Common Shares reserved for issuance may be formulated on a diluted basis with the consent of the Exchange.

4.4. The Option Price shall be fixed by the Board when the Option is granted, provided that such price shall not be less than the Market Price per Share.

4.5. An Option must be exercised within a term set by the Board at the time of grant, such term not to exceed ten years from the date of the granting of the Option. The vesting period or periods within this term during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. Further, the Board may, in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted.

4.6. Upon written notice from a Participant, any Option that might otherwise be granted to that Participant, may be granted, in whole or in part, to an RRSP or a Holding Company established by and for the sole benefit of the Participant.

ARTICLE 5 – EXERCISE OR DISPOSITION OF OPTIONS

Subject to the provisions of the Plan and the terms of the granting of the Option, an Option or a portion thereof may be exercised from time to time by delivery to the Corporation's principal office in Calgary, Alberta of a notice in writing signed by the Participant or the Participant's legal personal representative and addressed to the Corporation (the "Exercise Notice"). The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof, the number of Common Shares in respect of which the Option is then being exercised and must be accompanied by payment in full of the Option Price for the Common Shares which are the subject of the exercise. Provided that the Common Shares are listed on the Exchange and that the Corporation is in compliance with applicable Exchange requirements, a Participant may alternatively offer to dispose of his or her vested, unexercised Options or any of them to the Corporation for cash in an amount not to exceed the fair

market value thereof, as determined by the Board, and the Corporation has the right, but not the obligation, to accept the Participant's offer. In such case, the Participant shall make an offer to dispose of his or her Options by providing a written notice to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, specifying the number of vested and unexercised options the Participant is proposing to dispose of.

ARTICLE 6 – NET SHARE EXERCISE RIGHT

Provided that the Common Shares are listed on the Exchange and that the Corporation is in compliance with applicable Exchange requirements, at the election of the Participant (the "Net Share Exercise Right"), the Corporation has the right, but not the obligation to satisfy any obligations to the Participant in respect of any Options exercised by the Participant by issuing such number of Common Shares to the Participant that is equal in value to the difference between: (a) the closing trading price of the Common Shares on the Exchange on the day prior to the date on which the Option is exercised or, in the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada, the market price as determined by the Board; and (b) the Option Price. Participants are entitled to the Net Share Exercise Right in respect of all or a portion of unexercised Options which they are entitled to exercise. Upon issuance as aforesaid, such Options shall terminate and be at an end and the Participant shall cease to have any further rights in respect thereof.

ARTICLE 7 – ADJUSTMENTS IN SHARES

7.1. Appropriate adjustments in the number of Common Shares subject to the Plan and, as regards Options, granted or to be granted, in the number of Common Shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

7.2. Options granted to Participants hereunder are non-assignable unless the prior written consent of the Corporation and the Exchange has been obtained and, except in the case of the death of a Participant (which is provided for in Article 9), are exercisable only by the Participant to whom the Options have been granted.

ARTICLE 8 – DECISIONS OF THE BOARD

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

ARTICLE 9 – TERMINATION OF EMPLOYMENT/DEATH

9.1. In the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death or termination for cause (including the resignation or retirement of the Participant as a director, officer or employee of the Corporation or the termination by the Corporation of the employment of the Participant or the termination by the Corporation or the Participant of the consulting arrangement with the Participant):

(a) all unvested Options held by such Participant shall immediately cease and terminate on the on the earlier of: (i) the effective date of such resignation or retirement, (ii) the date on which notice of termination of employment is given by the Corporation, or (iii) the date on which notice of termination of the consulting arrangement is given by the Corporation or the Participant, as the case may be;

(b) all vested Options held by such Participant shall cease and terminate on the on the earlier of: (i) the thirtieth (30th) day following the effective date of such resignation or retirement, (ii) the thirtieth (30th) day following the date on which notice of termination of employment is given by the Corporation, (iii) the thirtieth (30th) day following the date on which notice of termination of the consulting arrangement is given by the Corporation or the Participant, or (iv) the expiry date of the Option;

and thereafter shall be of no further force or effect whatsoever as to the Common Shares in respect of which such Option has not previously been exercised. In no circumstances shall the operation of this section extend the expiry date of such Option beyond the term prescribed by Section 4.5.

9.2. In the event of the termination of the employment of a Participant for cause, all Options held by such Participant shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Corporation and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

9.3. In the event of the death of a Participant on or prior to the expiry time of an Option, the legal representatives of the Participant may exercise the vested Options held by the Participant at the time of death 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 with respect to any Option held by the Participant. For greater certainty, such determination may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding beyond 6 months following the date of death or such other period as determined by the Board, provided that, in any event, no Option shall remain outstanding for any period that exceeds the expiry date of such Option.

9.4. The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any of its Subsidiaries, nor does it interfere in any way with the right of the Participant or the Corporation to terminate the Participant's employment at any time.

9.5. Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

ARTICLE 10 – CHANGE OF CONTROL

10.1. In the event of a Change of Control 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, notwithstanding the other terms of the Options.

10.2. If approved by the Board, Options may provide that, whenever the Corporation's shareholders receive a Take-over Proposal, such Option may be exercised as to all or any of the Common Shares in respect of which such Option has not previously been exercised (including in respect of Common Shares not otherwise vested at such time) by the Participant (the "Take-over Acceleration Right"). The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right, but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

10.3. If the Participant elects to exercise its option to purchase Common Shares following the merger or consolidation of the Corporation with any other corporation, whether by amalgamation, plan of arrangement or otherwise, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares of the Corporation to which he was theretofore entitled upon such exercise, either, at the discretion of the Board: (i) the kind and amount of shares and other securities or property which such holder could have been entitled to receive as a result of such merger or consolidation if, on the effective date thereof, he had been the registered holder of the number of Common Shares of the Corporation to which he was theretofore entitled to purchase upon exercise; or (ii) a cash amount determined by the Board to be equal to the fair value of the shares, securities or property referred to in (i) on the effective date of the merger or consolidation.

ARTICLE 11 – AMENDMENT OR DISCONTINUANCE OF PLAN

11.1. The Board may amend the Plan and any securities granted thereunder in any manner, or discontinue it at any time, without the approval of the holders of a majority of the Common 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 Common Shares present and voting in person or by proxy at a meeting of holders of Common Shares (including approval of the disinterested holders of Common Shares if required by Exchange Policies) must be obtained for any amendment that would have the effect of:

(i) increasing the maximum percentage of Common Shares that may be reserved for issuance under the Plan;

(ii) increasing the maximum percentage of Common Shares that may be reserved for issuance under the Plan to Insiders or any one person;

(iii) increasing the maximum percentage of Common Shares that may be issued under the Plan within any one year period to Insiders, Consultants or individuals conducting Investor Relations Activities;

(iv) changing the amendment provisions of the Plan;

(v) changing the terms of any Options held by Insiders;

(vi) reducing the Option 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 Option Price);

(vii) amending the definition of Participants to expand the categories of individuals eligible for participation in the Plan;

(viii) extending the expiry date of an outstanding Option or amending the 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 Section 7.2 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.

ARTICLE 12 – EXTENSION OF EXPIRY TIME DURING BLACKOUT PERIODS

Notwithstanding the provisions contained herein for the expiry of Options, in the event that the expiry date of an Option falls during or within two business days following the end of a black out period that is self imposed by the Corporation pursuant to its policies (a "Black Out Period"), the expiry date of such Option shall be extended for a period of ten (10) business days following the end of the Black Out Period (the "Black Out Expiration Term").

ARTICLE 13 – GOVERNMENT REGULATION

The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

(a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection therewith;

(b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and

(c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on any stock exchange on which such Common Shares are then listed.

ARTICLE 14 – PARTICIPANTS' RIGHTS

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

ARTICLE 15 - APPROVALS

15.1. The Plan shall be subject to:

(a) the approval of the shareholders of the Corporation to be given by a resolution at a meeting of the Shareholders of the Corporation; and

(b) acceptance by the Exchange.

Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

ARTICLE 16 – OPTION AGREEMENT

The Option agreement between the Corporation and each Participant to whom an Option is granted hereunder will be in writing and will set out the Option Price, the number of Common Shares subject to option, the vesting dates, the expiry date and any other terms approved by the Board, all in accordance with the provisions of this Plan. The agreement will be in such form as the Board may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

ARTICLE 17 – WITHHOLDINGS

If the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise or disposition of Options by a Participant, then the Participant shall, concurrently with the exercise or disposition:

(a) pay to the Corporation, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Corporation to be the amount necessary to fund the required tax remittance;

(b) authorize the Corporation, on behalf of the Participant, to sell in the market on such terms and at such time or times as the Corporation determines such portion of the Common Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or

(c) make other arrangements acceptable to the Corporation to fund the required tax remittance.

SCHEDULE "D" - PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT
UNDER SECTION 193
OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something inconsistent in the subject matter or context, the following terms have the respective meanings set out below (and grammatical variations of those terms have corresponding meanings):

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations promulgated under that act, each as amended from time to time;

"**Alvopetro**" means Alvopetro Energy Ltd.;

"**Arrangement**" means the arrangement under section 193 of the ABCA, including the terms and subject to the conditions set out in this Plan of Arrangement, and subject to any amendments or variations to this Plan of Arrangement made in accordance with Article 3 or made at the direction of the Court in the Final Order;

"**Arrangement Resolution**" means the special resolution of holders of Common Shares approving the Arrangement, this Plan of Arrangement and related matters, to be substantially in the form set out in Schedule F annexed to the Circular;

"**Articles of Arrangement**" means the articles of arrangement of Alvopetro in respect of the Arrangement that are required by the ABCA to be filed with the Registrar;

"**Business Day**" means any day on which commercial banks are generally open for business in Calgary, Alberta, other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta under the laws of the Province of Alberta or the federal laws of Canada applicable in Alberta;

"**Certificate**" means the certificate of arrangement giving effect to the Arrangement, issued by the Registrar pursuant to subsection 193(11) of the ABCA after the Articles of Arrangement have been filed with the Registrar;

"**Circular**" means the notice of the Meeting and accompanying management information circular, including all of its appendices, to be sent to holders of Common Shares in connection with the Meeting;

"**Common Shares**" means common shares in the capital of Alvopetro, as constituted from time to time;

"**Court**" means the Court of Queen's Bench (Alberta);

"**Depositary**" means TSX Trust Company;

"**Effective Date**" means the date shown on the Certificate;

"**Effective Time**" means 12:01 a.m. (Calgary Time) on the Effective Date;

"**Final Order**" means the final order of the Court approving the Arrangement as it may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless the appeal is withdrawn or denied, as affirmed;

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (i) having or purporting to have jurisdiction on behalf of any nation, province,

territory or state or any other geographic or political subdivision of any of them; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**holders**" means, when used with reference to the Common Shares, the holders of Common Shares shown from time to time in the register maintained by or on behalf of Alvopetro in respect of the Common Shares;

"**Interim Order**" means the interim order of the Court, as it may be amended, in respect of the Arrangement;

"**Letter of Transmittal**" means the letter of transmittal to be completed by holders as a condition to receiving such holder's post-Share Split (post-Consolidation) Common Shares or cash consideration pursuant to this Plan of Arrangement;

"**Meeting**" means the annual and special meeting of holders of Common Shares, including any adjournment or postponement of the special meeting, to be called and held in accordance with the Interim Order to consider, among other things, the Arrangement;

"**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

"**Registrar**" means the Registrar appointed pursuant to section 263 of the ABCA;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated under that Act, each as amended from time to time; and

"**Transfer Agent**" means TSX Trust Company.

1.2 Interpretations Not Affected by Headings

The division of this Plan of Arrangement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect its construction or interpretation. Unless otherwise indicated, all references to an "Article" or "section" followed by a number refer to the specified Article or section of this Plan of Arrangement. The term "this Plan of Arrangement," and similar expressions refer to this Plan of Arrangement and not to any particular Article, section or other portion of this Plan of Arrangement.

1.3 Rules of Construction

Unless otherwise specifically indicated or the context otherwise requires, (i) all references to "dollars" or "$" mean Canadian dollars, (ii) words importing the singular include the plural and vice versa and words importing any gender include all genders, and (iii) "include", "includes" and "including" shall be deemed to be followed by the words "without limitation."

1.4 Date for Any Action

In the event that any date on which any action is required to be taken under this Plan of Arrangement by any of the parties to this Plan of Arrangement is not a Business Day, that action shall be required to be taken on the next succeeding day that is a Business Day.

ARTICLE 2
ARRANGEMENT

2.1 Binding Effect

The Arrangement shall become effective at, and be binding at and after, the Effective Time on (i) Alvopetro; (ii) the Depositary; (iii) the Transfer Agent and (iv) all registered and beneficial owners of Common Shares.

2.2 Filing of the Articles of Arrangement

The Articles of Arrangement shall be filed by the Registrar with the purpose and intent that none of the provisions of this Plan of Arrangement shall become effective unless all of the provisions of this Plan of Arrangement shall have become effective in the sequence provided herein. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the steps, events or transactions set out in Section 2.3 have become effective in the sequence and at the times set out therein. If no Certificate is required to be issued by the Registrar pursuant to section 193(11) of the ABCA, the Arrangement shall become effective commencing at the Effective Time on the date the Articles of Arrangement are filed by the Registrar pursuant to section 193(10) of the ABCA.

2.3 Arrangement

Commencing at the Effective Time, each of the steps, events or transactions set forth in this Section 2.3 shall, except for steps, events or transactions deemed to occur concurrently with other steps, events or transactions as set out below, occur and shall be deemed to occur consecutively in two minute intervals in the following order (or in such other manner, order or times as the board of directors of Alvopetro may determine, in its sole discretion) without any further act or formality, except as otherwise provided herein:

2.3.1 the Common Shares shall be consolidated (the "**Consolidation**") at a ratio of 2,100 pre-Consolidation Common Shares for every 1 post-Consolidation Common Share;

2.3.2 any holder of less than 1 post-Consolidation Common Share (each, a "**Non-Continuing Shareholder**") will cease to hold Common Shares and will be entitled to be paid cash consideration equal to that number of pre-Consolidation Common Shares held by the holder multiplied by an amount equal to the volume weighted average trading price of the Common Shares on the TSX Venture Exchange for the five trading days immediately preceding the Effective Date, rounded down to the nearest whole cent; and

2.3.3 the remaining post-Consolidation Common Shares will be split (the "**Share Split**") on the basis of 700 post-Share Split Common Shares for each 1 pre-Share Split (post-Consolidation) Common Share.

2.4 No Fractional Securities

No fractional Common Shares shall be issued under the Arrangement and no dividend, stock split or other change in the capital structure of Alvopetro shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to exercise any rights as a securityholder of Alvopetro. Subject to Section 2.3.2 above, in lieu of any such fractional Common Shares, the number of Common Shares issued shall be rounded up to the next greater whole number of Common Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Common Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Common Shares registered in the name of or beneficially held by a holder or its nominee(s), shall be aggregated.

ARTICLE 3
CERTIFICATES AND PAYMENTS

3.1 Delivery of Post-Share Split (Post-Consolidation) Common Shares

3.1.1 After the Effective Time and following delivery to the Depositary of a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may require, each holder, other than Non-Continuing Shareholders, shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, Direct Registration System advices evidencing the post-Share Split (post-Consolidation) Common Shares, or certificated post-Share Split (post-Consolidation) Common Shares as provided for in the Letter of Transmittal, to which such holder's Common Shares are and are deemed to be consolidated and split pursuant to Section 2.3 of this Plan of Arrangement.

3.2 Payments of Consideration

3.2.1 At or before the Effective Time, Alvopetro will deposit or cause to be deposited with the Depositary, in escrow for the benefit of the Non-Continuing Shareholders, cash in an aggregate amount equal to the payment obligations contemplated by Section 2.3.2. The cash so deposited will be held in an interest-bearing account and any interest earned on such funds will be for the account of Alvopetro or its successor.

3.2.2 As soon as practicable following the later of the Effective Time and the surrender to the Depositary for cancellation of a certificate (or other evidence of ownership, if applicable) that immediately prior to the Effective Time represented outstanding Common Shares held by a Non-Continuing Shareholder, together with a duly completed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, Non-Continuing Shareholders will be entitled to receive the cash payment or payments which such Non-Continuing Shareholder is entitled to receive pursuant to Section 2.3.2, less any amounts withheld pursuant to Section 3.3 and any certificate so surrendered will forthwith be cancelled.

3.2.3 Until surrendered as contemplated by this Section 3.2, each certificate (or other evidence of ownership, if applicable) that immediately prior to the Effective Time represented Common Shares held by Non-Continuing Shareholders, shall be deemed after the Effective Time to represent only the right to receive upon such surrender the aggregate cash payment or payments which such Non-Continuing Shareholder is entitled to receive pursuant to Section 2.3.2, less any amounts withheld pursuant to Section 3.3. Any such certificate (or other evidence of ownership, if applicable) formerly representing Common Shares held by Non-Continuing Shareholders not duly surrendered on or before the day prior to the second anniversary of the Effective Date shall cease to represent a claim by or interest of any Non-Continuing Shareholder of any kind or nature against or in Alvopetro. On such date, all cash to which such Non-Continuing Shareholder was entitled shall be deemed to have been surrendered to Alvopetro and shall be paid over by the Depositary to, or as directed by, Alvopetro.

3.2.4 Any payment made by way of cheque by the Depositary pursuant to this Plan of Arrangement that has not been deposited as of, or has been returned to the Depositary on or prior to, or that otherwise remains unclaimed as of, in each case, the second anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of Non-Continuing Shareholders to receive the applicable consideration for the Common Shares pursuant to this Plan of Arrangement and shall terminate and be deemed to be surrendered and forfeited to Alvopetro for no consideration.

3.2.5 No Non-Continuing Shareholder shall be entitled to receive any consideration with respect to Common Shares held by such Non-Continuing Shareholder other than any consideration such Non-Continuing Shareholder is entitled to receive in accordance with this Section 3.2 and, for greater certainty, no such Non-Continuing Shareholder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

3.3 Withholding

Alvopetro and the Depositary shall be entitled to deduct and withhold from any consideration or other amount deliverable or otherwise payable to any Person hereunder such amounts as Alvopetro or the Depositary may be required to deduct or withhold therefrom under the Tax Act, or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate Governmental Entity.

3.4 Lost Certificates

If any certificate that, immediately prior to the Effective Time, represented one or more outstanding Common Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such

certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate the post-Share Split (post-Consolidation) Common Shares or cash consideration, as applicable, that such holder is entitled to receive in accordance with Section 2.3 hereof. When authorizing such delivery of the post-Share Split (post-Consolidation) Common Shares or cash consideration, as applicable, that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such the post-Share Split (post-Consolidation) Common Shares or cash consideration, as applicable, is to be delivered shall, as a condition precedent to the delivery of such the post-Share Split (post-Consolidation) Common Shares or cash consideration, as applicable, give a bond satisfactory to the Purchaser and the Depositary in such amount as the Purchaser and the Depositary may direct, or otherwise indemnify the Purchaser and the Depositary in a manner satisfactory to the Purchaser and the Depositary, against any claim that may be made against the Purchaser or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles and notice of articles of the Purchaser.

3.5 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any liens, charges, security interests, encumbrances, mortgages, hypothecs, restrictions, adverse claims or other claims of third parties of any kind.

3.6 Paramountcy

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Common Shares issued prior to the Effective Time; (ii) the rights and obligations of the registered and beneficial holders of Common Shares, Alvopetro, the Depositary, the Transfer Agent and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement; and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Common Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 4
AMENDMENTS

4.1 Alvopetro reserves the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that except as provided in section 4.4, each amendment, modification or supplement must be (i) set out in writing, (ii) filed with the Court and, if made following the Meeting, approved by the Court, and (iii) communicated (whether prior or subsequent thereto) to holders if and as required by the Court.

4.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Alvopetro at any time prior to the Meeting and if so proposed and approved by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

4.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only, if required by the Court, if it is consented to by holders voting in the manner directed by the Court.

4.4 Subject to applicable law, any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Alvopetro, provided that it concerns a matter which, in the reasonable opinion of Alvopetro, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of Common Shares.

ARTICLE 5
FURTHER ASSURANCES

5.1 Notwithstanding that the transactions and events set out in this Plan of Arrangement are to occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Plan of Arrangement shall make, do and execute, or cause to be made, done and executed, all further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to document or evidence any of the transactions or events set out in this Plan of Arrangement.

ARTICLE 6
RIGHT NOT TO PROCEED

6.1 The board of directors of Alvopetro, at their sole discretion, may determine not to proceed with all or any part of the Arrangement at any time prior to the Effective Time notwithstanding (i) that holders of Common Shares have approved the Arrangement Resolution; (ii) that the Final Order has been received, and (iii) section 193(10) of the ABCA, if the board of directors of Alvopetro determines that it is not in the best interests of Alvopetro to complete the Arrangement.

6.2 Notwithstanding that the Final Order has been received, the Articles of Arrangement shall only be filed when the board of directors of Alvopetro determines that it is in the best interests of Alvopetro to do so.

ARTICLE 7
BENEFICIAL HOLDERS

7.1 Alvopetro is not required to send non-registered holders of Common Shares any Circulars, proxy forms or otherwise notify or contact any non-registered holder of Common Shares. Only registered holders of Common Shares are permitted to make choices in this Plan of Arrangement or to vote to approve this Plan of Arrangement or the Arrangement and any choices or votes made by non-registered holders shall be void.

SCHEDULE "E" - INTERIM ORDER

Clerk's Stamp

COURT FILE NUMBER	2101-08193
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
MATTER	IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT, RSA 2000, c B-9, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING ALVOPETRO ENERGY LTD. AND ITS SHAREHOLDERS
APPLICANT	**ALVOPETRO ENERGY LTD.**
RESPONDENTS	Not Applicable
DOCUMENT	**INTERIM ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Torys LLP** 4600 Eighth Avenue Place 525 – Eighth Avenue SW Calgary, AB T2P 1G1 **Attention: Gino Bruni** Telephone: (403) 776-3776 Fax: (403) 776-3800 E-mail: gbruni@torys.com

DATE ON WHICH ORDER WAS PRONOUNCED:	July 5, 2021
NAME OF JUDGE WHO MADE THIS ORDER:	Justice Burns
LOCATION OF HEARING:	Commercial Chambers, Edmonton, Virtual Courtroom 86 (WebEx)

UPON the Originating Application (the "**Originating Application**") of Alvopetro Energy Ltd. ("**Alvopetro**" or the "**Applicant**");

AND UPON reading the Originating Application, the affidavit of Alison Howard, sworn June 28, 2021 (the "**Howard Affidavit**") and the documents referred to therein;

AND UPON HEARING counsel for the Applicant;

FOR THE PURPOSES OF THIS ORDER:

(a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft management information circular of Alvopetro (the "**Information Circular**") which is attached as Exhibit "A" to the Howard Affidavit; and

(b) all references to "Arrangement" used herein mean the arrangement as set forth in the plan of arrangement attached as Schedule D to the Information Circular.

IT IS HEREBY ORDERED THAT:

General

1. The Applicant shall seek approval of the Arrangement as described in the Information Circular by the holders of common shares of Alvopetro (the "**Shareholders**") in the manner set forth below.

The Meeting

2. The Applicant shall call and conduct a virtual special meeting (the "**Meeting**") of Shareholders on or about 2:00 pm (Calgary time) on August 12, 2021. At the Meeting, the Shareholders will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Schedule F to the Information Circular (the "**Arrangement Resolution**") and such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.

3. A quorum at the Meeting shall be two Shareholders present in person (virtually) or by proxy, and representing in the aggregate not less than ten percent (10%) of the outstanding common shares of Alvopetro ("**Shares**") entitled to be voted at the Meeting.

4. If within 30 minutes from the time appointed for the Meeting, a quorum is not present, the Meeting shall stand adjourned to a date not less than two (2) and not more than 30 days later, as may be determined by the Chair of the Meeting. No notice of the adjourned meeting shall be required and, if at such adjourned meeting a quorum is not present, the Shareholders present at the adjourned meeting in person or represented by proxy shall constitute a quorum for all purposes.

5. Each Share entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting in

respect of the Arrangement Resolution and any other matters to be considered at the Meeting.

6. The record date for Shareholders entitled to receive notice of and vote at the Meeting shall be July 2, 2021 (the "**Record Date**"). Only Shareholders whose names have been entered on the registers of Alvopetro as at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting provided that, to the extent a Shareholder transfers the ownership of any Shares after the Record Date and the transferee of those Shares produces properly endorsed Share certificates or otherwise establishes ownership of such Shares and demands, not later than 10 days before the Meeting, to be included on the list of Shareholders entitled to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.

7. The Meeting shall be called, held and conducted in accordance with the applicable provisions of the *ABCA*, the articles and by-laws of the Applicant in effect at the relevant time, the Information Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the *ABCA* or the articles or by-laws of the Applicant, the terms of this Order shall govern.

Conduct of the Meeting

8. The only persons entitled to attend the Meeting shall be Shareholders or their authorized proxy holders, the Applicant's directors and officers and its auditors, the Applicant's legal counsel, and such other persons who may be permitted to attend by the Chair of the Meeting.

9. The number of votes required to pass the Arrangement Resolution shall be not less than two-thirds of the votes cast by Shareholders present in person (virtually) or represented by proxy and entitled to vote at the Meeting.

10. To be valid, a proxy must be deposited with Alvopetro's transfer agent, TSX Trust Company, in the manner described in the Information Circular.

11. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

12. The Applicant is authorized to adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicant deems advisable, without the necessity of first convening the Meeting or first obtaining any vote

of the Shareholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as the Applicant determines is appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postposed, as the context allows.

Amendments to the Arrangement

13. The Applicant is authorized to make such amendments, revisions or supplements to the Arrangement as it may determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

Amendments to Meeting Materials

14. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Information Circular, form of proxy ("**Proxy**"), notice of the Meeting ("**Notice of Meeting**"), form of letter of transmittal ("**Letter of Transmittal**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine, and the Applicant may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicant. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Information Circular, would have been disclosed in the Information Circular, then:

(a) the Applicant shall advise the Shareholders of the material change or material fact by disseminating a news release (a "**News Release**") in accordance with applicable securities laws and the policies of the TSXV Venture Exchange; and

(b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to deliver an amendment to the Information Circular to the Shareholders or otherwise give notice to the Shareholders of the material change or material fact other than dissemination and filing of the News Release

as aforesaid.

Dissent Rights

15. The Arrangement does not accord Shareholders the right to dissent under section 191 of the *ABCA*.

Notice

16. The Information Circular, substantially in the form attached as Exhibit "A" to the Howard Affidavit, with such amendments thereto as counsel to the Applicant may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of the Meeting, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable including the Proxy and Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to those Shareholders who hold Shares, as of the Record Date, the directors of the Applicant, and the auditors of the Applicant, by one or more of the following methods:

(a) in the case of registered Shareholders, by pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of the Applicant as of the Record Date not later than 21 days prior to the Meeting;

(b) in the case of non-registered Shareholders, by providing sufficient copies of the Meeting Materials to intermediaries, in accordance with National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*; and

(c) in the case of the directors and auditors of the Applicant, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting.

17. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Shareholders, the directors and auditors of the Applicant of:

(a) the Originating Application;

(b) this Order;

(c) the Notice of the Meeting; and

(d) the Notice of Originating Application.

Final Application

18. Subject to further order of this Court, and provided that the Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant have not revoked their approval, the Applicant may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on August 20, 2021 at 12:00 pm (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the articles of arrangement, the Applicant, all Shareholders and all other persons affected will be bound by the Arrangement in accordance with its terms.

19. Any Shareholder or other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicant, on or before 4:00 p.m. (Calgary time) on August 13, 2021 a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicant shall be effected by service upon the solicitors for the Applicant, Torys LLP, Attention: Janan Paskaran.

20. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 19 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

21. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

Justice of the Court of Queen's
Bench of Alberta

32824712.3

SCHEDULE "F" – SPECIAL RESOLUTION APPROVING THE SHARE RESTRUCTURING

BE IT RESOLVED as a special resolution of the Shareholders (as defined below) as follows:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Alvopetro Energy Ltd. (the "**Corporation"**) and the holders (the "**Shareholders**") of common shares of the Corporation, as more particularly set forth in the accompanying management information circular of the Corporation (the "**Information Circular**"), as the Arrangement may be amended, modified or supplemented in accordance with its terms, is hereby authorized, approved and adopted.

2. Without limiting the preceding paragraph, the plan of arrangement (the "**Plan of Arrangement**") setting out the terms and conditions of the Arrangement, the full text of which is set out as Schedule D to the Information Circular, as the Plan of Arrangement may be amended, modified or supplemented in accordance with its terms, is hereby authorized, approved and adopted.

3. The board of directors of the Corporation are hereby authorized and empowered, without further notice to or approval of the Shareholders to determine the effective time and date of the commencement of the Plan of Arrangement.

4. Any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute or cause to be executed, and to send or cause to be sent to the Registrar under the ABCA for filing, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement.

5. Any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute or cause to be executed, and to deliver or cause to be delivered, all such documents and filings, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of these resolutions, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

6. The board of directors is authorized to revoke these resolutions in its sole discretion without further approval of the Shareholders at any time prior to the deposit of these special resolutions at the corporate records office of the Corporation.

SCHEDULE "G" – NOTICE OF ORIGINATING APPLICATION

Court File No. 2101-08193

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT IN RESPECT OF ALVOPETRO ENERGY LTD. AND ITS SHAREHOLDERS

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of Alvopetro Energy Ltd. ("**Alvopetro**") with respect to a proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), in respect of Alvopetro and the holders ("**Shareholders**") of common shares of Alvopetro ("**Shares**"), which Arrangement is described in greater detail in the information circular dated July 6, 2021 accompanying this Notice of Originating Application. At the hearing of the Application, Alvopetro intends to seek:

1. a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair, substantively and procedurally to the Shareholders and other affected persons;

2. an order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA and pursuant to the terms and conditions of the Arrangement Agreement;

3. a declaration that the Arrangement will, upon the filing of Articles of Arrangement and the issuance of a proof of filing thereof pursuant to the provisions of Section 193 of the ABCA, become effective under the ABCA in accordance with its terms and shall be binding on and after the effective time of the Arrangement; and

4. such other and further orders, declarations or directions as the Court may deem just,

(collectively, the "**Final Order**").

AND NOTICE IS FURTHER GIVEN that the said Application is directed to be heard before a Justice of the Court, at the Calgary Court Centre virtually, in Virtual Courtroom 60, on August 20, 2021 at 12:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. **Any Shareholder or other interested party desiring to support or oppose the Application may appear at the time of the hearing in person (virtually) or by counsel for that purpose provided such Shareholder or other interested party files with the Court and serves upon Alvopetro on or before 4:00 p.m. (Calgary time) on August 13, 2021 a notice of intention to appear (the "Notice of Intention to Appear") setting out such Shareholder's or interested party's address for service and indicating whether such Shareholder or interested party intends to support or oppose the Application or make submissions thereat, together with any evidence or materials which are to be presented to the Court.** Service on Alvopetro is to be effected by delivery to its solicitors at the address set forth below.

AND NOTICE IS FURTHER GIVEN that, at the hearing and subject to the foregoing, Shareholders and any other interested persons will be entitled to make representations as to, and the Court will be requested to consider, the fairness of the Arrangement. If you do not attend, either in person (virtually) or by counsel, at that time, the Court may approve or refuse to approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court may deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that the Court, by the Interim Order, has given directions as to the calling and holding of a special meeting of the Shareholders for the purposes of such Shareholders voting upon a special resolution to approve the Arrangement.

AND NOTICE IS FURTHER GIVEN that further notice in respect of these proceedings will only be given to those persons who have filed and served on Alvopetro in accordance with the instructions herein, a Notice of Intention to Appear.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Shareholder or other interested party requesting the same by the under-mentioned solicitors for Alvopetro upon written request delivered to such solicitors as follows:

Solicitors for Alvopetro:

Torys LLP
Suite 4600, Eighth Avenue Place East
525 8th Avenue S.W.
Calgary, Alberta T2P 1G1

Facsimile Number: (403) 776 - 3800
Attention: Janan Paskaran

DATED at the City of Calgary, in the Province of Alberta, this 6th day of July 2021.

BY ORDER OF THE BOARD OF DIRECTORS OF ALVOPETRO ENERGY LTD.

(signed) "Corey C. Ruttan"

Corey C. Ruttan
President, Chief Executive Officer and Director
Alvopetro Energy Ltd.