



**ALVOPETRO ANNOUNCES ANNUAL GENERAL AND SPECIAL MEETING, SHARE RESTRUCTURING AND SMALL LOT BUYBACK**

Calgary, Alberta, July 21, 2021. AlvoPetro Energy Ltd. (TSX-V: ALV; OTCQX: ALVOF), (“AlvoPetro”, or the “Company”) announces details of its upcoming Annual General and Special Meeting (the “Meeting”). The Meeting will be held on Thursday August 12, 2021, beginning at 2:00 pm. To proactively deal with the COVID-19 pandemic and to mitigate potential health and safety risks, 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. The Management Information Circular (the “Circular”) and all related meeting materials are now available on our website and [www.sedar.com](http://www.sedar.com).

At the Meeting, shareholders will be asked to vote on the usual annual general meeting matters, including the election of directors (each of which is a current director of the Company), the appointment of auditors, and the re-approval of the stock option plan. In addition, shareholders will be asked to consider two special resolutions, as further detailed below and in the Circular.

*Special Resolution – Share Restructuring and Small Lot Buyback*

At the Meeting, shareholders will be asked to consider a special resolution to approve a plan of arrangement (the “Arrangement”), which will provide for a share restructuring and small lot buyback pursuant to which the Company will:

1. complete a consolidation of the issued and outstanding common shares (the “Shares”) at a ratio of 2,100 pre-Consolidation Shares for every 1 post-Consolidation Share (the “Consolidation”) effective on a date as determined by the Board in its sole discretion;
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 Company with the policies of the TSX Venture Exchange (the “TSXV”)), rounded down to the nearest cent; and
3. 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 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.

AlvoPetro has a large number of shareholders holding small numbers of shares. Based on recent data, approximately 1.6 million 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. This represents an estimated 1.6% of the outstanding shares and over 79% of the outstanding shareholder accounts of the Company. The Company believes that the Share Restructuring will be beneficial to both the Company and

existing shareholders by providing a liquidity event for smaller shareholders, reducing volatility in the Company's share price associated with small lot trades, reducing future administrative costs to allow the Company to more cost effectively administer future dividends if declared by the Board of Directors, and providing flexibility to structure future financings, if necessary.

The special resolution for the Arrangement requires approval of at least two-thirds of shares voted at the meeting. If approved at the meeting and after receipt of final approval of the Alberta court, the Board will be authorized to complete the Share Restructuring, at its discretion, at any time prior to the next annual meeting of shareholders or alternatively may choose not to implement at all.

#### *Special Resolution – Stated Capital Reduction*

At the Meeting, shareholders will also be asked to approve a special resolution authorizing the reduction of the stated capital of the Company (the "Stated Capital Reduction"). The reason for the Stated Capital Reduction is to ensure the Company has sufficient flexibility to pay dividends in the future, if, as and when declared by the Board of Directors, as described in further detail in the Circular which will be available on the Company's website and on SEDAR later this month. The proposed Stated Capital Reduction will have no impact on the Company's day-to-day operations and will not alter Alvopetro's financial condition.

The special resolution for the Stated Capital Reduction requires approval of at least two-thirds of shares voted at the meeting. If approved at the meeting, the Board will be authorized to complete the Stated Capital Reduction at its discretion, or alternatively may choose not to implement the Stated Capital Reduction at all.

#### **Social Media**

Follow Alvopetro on our social media channels at the following links:

Twitter - <https://twitter.com/AlvopetroEnergy>

Instagram - <https://www.instagram.com/alvopetro/>

LinkedIn - <https://www.linkedin.com/company/alvopetro-energy-ltd>

YouTube: [https://www.youtube.com/channel/UCgDn\\_igrQgdIj-maR6fWB0w](https://www.youtube.com/channel/UCgDn_igrQgdIj-maR6fWB0w)

*Alvopetro Energy Ltd.'s vision is to become a leading independent upstream and midstream operator in Brazil. Our strategy is to unlock the on-shore natural gas potential in the state of Bahia in Brazil, building off the development of our Caburé natural gas field and our strategic midstream infrastructure.*

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

***All amounts contained in this new release are in United States dollars, unless otherwise stated and all tabular amounts are in thousands of United States dollars, except as otherwise noted.***

***Forward-Looking Statements and Cautionary Language.*** This news release contains "forward-looking information" within the meaning of applicable securities laws. The use of any of the words "will", "expect", "intend" and other similar words or expressions are intended to identify forward-looking information. More particularly and without limitation, this news release contains forward-looking information concerning the Company's operational plans, plans for dividends in the future and the anticipated benefits of the Arrangement. The forward-looking statements are based on certain key expectations and assumptions made by Alvopetro, including but not limited to the timing of regulatory licenses and approvals, the success of future drilling, completion, testing, recompletion and development activities, future foreign exchange rates, the outlook for commodity markets and ability to access capital markets, the impact of the COVID-19 pandemic, the performance of producing wells and reservoirs, well development and operating performance, general economic and business conditions, weather and access to drilling locations, the availability and cost of labour and services, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the regulatory and legal environment and other risks associated with oil and gas operations. The reader is cautioned that assumptions used in the

*preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Although Alvopetro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Alvopetro can give no assurance that it will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Alvopetro are included in our annual information form which may be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com). The forward-looking information contained in this news release is made as of the date hereof and Alvopetro undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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