

Alvopetro Announces August Sales Volumes & Share Restructuring Update

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CALGARY, Sept. 10, 2021 - [Alvopetro Energy Ltd.](#) (TSXV: ALV) (OTCQX: ALVOD) announces August sales volumes of 2,431 boepd based on field estimates, including natural gas sales of 13.9 mmcfpd, associated natural gas liquids sales from condensate of 105 bopd, and oil sales of 6 bopd, an increase of 1% from our average sales volumes of 2,412 boepd in July. Effective August 1, 2021, our natural gas price under our long-term gas sales agreement was adjusted to BRL1.31/m³ or \$7.72/mcf based on our average heat content to date of 107% and the July 30, 2021 BRL/USD foreign exchange rate of 5.12. This represents a 24% increase from our February 1, 2021 contracted price of BRL1.06/m³. Higher gas prices and sales volumes in August resulted in estimated August revenues of \$3.5 million, a 30% increase compared to our monthly average revenues in the second quarter, a new monthly record for the Company.

As announced on September 7, 2021, we have completed our share consolidation and split (the "Share Restructuring"). One of the main objectives of the Share Restructuring was to reduce the cost of administering Alvopetro's planned dividend program. Prior to the Share Restructuring, there were a total of 99,828,295 common shares of Alvopetro outstanding. As part of the Share Restructuring, 1,265,306 common shares are being repurchased at a price of C\$1.12 per common share, representing 1.3% of the total common shares outstanding prior to the Share Restructuring. This will significantly reduce the number of small and odd-lot shareholdings that were an artifact of our earlier corporate spin-out after the sale of Petrominerales in 2013. The remaining common shares participated in the 2,100 to 1 share consolidation followed immediately by a 1 to 700 share split, for an effective 3:1 share consolidation. Following the Share Restructuring there are 32,854,330 common shares outstanding. In connection with the restructuring, Alvopetro has been assigned the temporary trading symbol ALVOD on the OTCQX. We expect to revert to our ALVOF trading symbol, however, the timing will be determined by regulatory authorities.

Corey C. Ruttan, President and Chief Executive Officer, commented:

With ongoing strong production results from our Caburé project, combined now with a 24% increase in our realized natural gas price, we continue to generate very strong cash flows. This allows us to organically fund our upcoming exploration drilling campaign, has allowed us to repay half of our outstanding debt in the first year of operations and positions us to commence planned dividends to shareholders by the first quarter of 2022. Now that we have successfully completed our share restructuring, we can cost effectively administer future recurring dividends when declared by our Board of Directors.

Alvopetro's closing trading price on the TSX Venture Exchange on Friday, September 3, 2021 of C\$1.15 per share equates to C\$3.45 per share post-consolidation and post-split. Following the Share Restructuring our net asset value per common share has increased from C\$2.44 pre-Share Restructuring to C\$7.36 post-Share Restructuring.

2P Net Asset Value (in MUS, other than per share amounts)	Pre-Share Restructuring	Post-Share Restructuring
Proved plus probable reserves, before tax net present value, discounted at 10% ⁽¹⁾	\$195,215	\$195,215
Pro-forma net debt - as at June 30, 2021 ⁽²⁾	(3,046)	(4,166)
Total Net Asset Value ⁽³⁾	\$192,169	\$191,049
Common shares outstanding ⁽⁴⁾	99,828,295	32,854,330
Net asset value - \$ per basic share	\$1.92	\$5.82
Net asset value - C\$ per basic share ⁽⁵⁾	C\$2.44	C\$7.36

(1) Before tax net present value of proved plus probable reserves ("2P") as of December 31, 2020 as evaluated by GLJ Ltd.

(2) Net debt is computed as the carrying amount of the Company's Credit Facility decreased by net working capital surplus, as of June 30, 2021. For purposes of the post-Share Restructuring net asset value, pro-forma net debt has been adjusted for the shares repurchased at an aggregate cost of \$1.1 million.

(3) Alvopetro has reflected all contractual obligations pursuant to our September 2018 Gas Treatment Agreement with Enerflex, including the equipment rental component of the agreement which is treated as a right of use asset and reflected as a capital lease obligation on our financial statements. As the future capital lease payments reduce the forecasted future net revenue in all reserves categories, the capital lease obligation as reflected on the Company's financial statements has not been included in the table above.

(4) The common shares outstanding post-Share Restructuring may be subject to final adjustments due to rounding following the share split.

(5) Converted to Canadian dollars ("C\$") based on the exchange rate on September 9, 2021.
Corporate Presentation

Alvopetro's updated corporate presentation is available on our website at:
<http://www.alvopetro.com/corporate-presentation>.

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

[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.

Abbreviations:

boepd = barrels of oil equivalent ("boe") per day

bopd = barrels of oil and/or natural gas liquids (condensate) per day

BRL = Brazilian Real

C\$ = Canadian dollars

mmcf = million cubic feet

mmcfpd = million cubic feet per day

MUS = thousands of U.S. dollars

BOE Disclosure. The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this news release are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

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. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the expectations discussed in the forward-looking statements. These forward-looking statements reflect current assumptions and expectations regarding future events. Accordingly, when relying on forward-looking statements to make decisions, Alvopetro cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. More particularly and without limitation, this news release contains forward-looking information concerning the plans relating to the Company's operational activities, the expected gas sales and gas deliveries under Alvopetro's long-term gas sales agreement, and the Company's plans for dividends in the future. 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, 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 factors that could affect the operations or financial results of Alvopetro are included in our annual information form which may be accessed on Alvopetro's SEDAR profile at 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.

Oil and Natural Gas Reserves. The disclosure in this news release summarizes certain information contained in the independent reserve assessment and evaluation prepared by GLJ Ltd. ("GLJ") dated March 8, 2021 with an effective date of December 31, 2020 but represents only a portion of the disclosure required under NI 51-101. Full disclosure with respect to the Company's reserves as at December 31, 2020 is included in the Company's annual information form for the year ended December 31, 2020 which is filed on SEDAR (www.sedar.com). All net present values in this press release are based on estimates of future operating and capital costs and GLJ's forecast prices as of December 31, 2020. The reserves definitions used in this

evaluation are the standards defined by COGEH reserve definitions and are consistent with NI 51-101 and used by GLJ. The net present values of future net revenue attributable to the Alvopetro's reserves estimated by GLJ do not represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Company's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

Non-GAAP Measures. This news release contains financial terms that are not considered measures under International Financial Reporting Standards ("IFRS"), such as net asset value, net debt, and working capital surplus. Net asset value is computed based on the net present value of the Company's proved plus probable reserves (before tax), discounted at 10%, decreased by the Company's net debt. Net debt is computed as the carrying amount of the Company's credit facility decreased by net working capital surplus or increased by net working capital deficit. Net working capital is computed as current assets less current liabilities. The non-GAAP measures do not have standardized meanings under IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. While these measures may be common in the oil and gas industry, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. The non-GAAP measures referred to in this report should not be considered an alternative to, or more meaningful than measures prescribed by IFRS and they are not meant to enhance the Company's reported financial performance or position. 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 most recent MD&A which may be accessed through the SEDAR website at www.sedar.com.

SOURCE [Alvopetro Energy Ltd.](#)

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