



ALVOPETRO ANNOUNCES EQUITY FINANCING

Calgary, Alberta, October 16, 2018 – Alvo Petro Energy Ltd. (“Alvo Petro” or the “Company”) (TSX-V:ALV) announces that it has completed a private placement (the “Private Placement”) for aggregate gross proceeds of US\$4,026,400 (CAD\$5,176,800). The Company intends to use the net proceeds from the Private Placement to advance its Caburé natural gas project in Bahia State in Brazil as well as for ongoing general corporate purposes.

Under the terms of the subscription agreements, investors have subscribed for units (collectively, the “Units” and each individually, a “Unit”) at a price of US\$1.40 per Unit (CAD\$1.80 per Unit). Each Unit consists of four common shares in the capital of the Company and one warrant to acquire one common share at an exercise price of US\$0.50 (CAD\$0.64) until December 15, 2019. The Company is issuing 2,876,000 Units for gross proceeds of US\$4,026,400 (CAD\$5,176,800). The Private Placement price of USD\$0.35 per share (CAD\$0.45 per share) is equal to the 5-day volume weighted average trading price of the Company’s common shares on the TSX-V ending on October 16, 2018.

The Private Placement includes three insiders of the Company subscribing for a total of 215,000 Units for aggregate subscription proceeds of CAD\$387,000. That portion of the Private Placement is a “related party transaction” as defined under Multilateral Instrument 61-101 (“MI 61-101”). The Company is relying on the exemptions from the formal valuation and minority approval requirements under MI 61-101 contained in sections 5.5(b) and 5.7(1)(b) of MI-61-101 in respect of such insider participation.

The Private Placement was brokered by Aspenwood Capital, an Independent Branch of Colorado Financial Service Corporation (“Aspenwood”) in connection with all Units purchased by subscribers in the United States. The aggregate fees payable in respect of the Private Placement, include cash fees of US\$140,000 and 700,000 warrants (the “Broker Warrants”) to Aspenwood, plus 100,000 warrants issued to an individual assisting with the transaction (the “Advisor Warrants”). Each Broker and Advisor Warrant will be exercisable into one common share of Alvo Petro at a price of US\$0.50 per common share for a period of twenty-four months from the date hereof.

The Company has received the conditional approval of the TSX Venture Exchange (the “TSXV”) for the completion of the Private Placement, subject to meeting the conditions of the TSXV. The securities issued under the Private Placement will be subject to a hold period of four months and one day in accordance with applicable securities laws.

Updated Corporate Presentation

Alvo Petro’s updated corporate presentation is available at: <http://www.alvopetro.com/corporate-presentation>.

Alvo Petro 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 and Gomo natural gas assets and the construction of 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.

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 use of proceeds of the Private Placement. Forward-looking statements are necessarily based upon assumptions and judgments with respect to the future including, but not limited to, the success of future drilling, completion, recompletion and development activities, the outlook for commodity markets and ability to access capital markets, 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. 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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