



NEWS RELEASE

ALVOPETRO ANNOUNCES OPERATIONAL UPDATE AND THIRD QUARTER FINANCIAL AND OPERATING RESULTS

Calgary, Alberta, November 15, 2017 – AlvoPetro Energy Ltd. (TSX-V:ALV) is pleased to announce an operational update and our third quarter financial and operating results.

Operational Update

The National Agency of Petroleum, Natural Gas and Biofuels of Brazil (“ANP”) is currently arbitrating the terms of the unitization of our Caburé natural gas field (the 197(2) and 198(A1) wells) with the adjacent resource owner. We have provided the ANP with all requested documentation and are anticipating a determination in early 2018. At the same time, we are finalizing the negotiation of a gas sales agreement for our share of the natural gas of the unitized field and are targeting the execution of an agreement concurrent with the conclusion of the unitization process. Our expenditures in the fourth quarter of 2017 are expected to include approximately \$0.2 million in initial engineering and permitting work for our development and will be funded with existing cash on hand.

Upon receipt of all regulatory and environmental approvals, we plan to test our 183(1) well to demonstrate the tight gas resource potential on Block 183 and the adjacent Block 197 (which includes our 197(1) well). The total estimated cost of the testing is \$0.8 million. We originally drilled this well in 2014 to a total depth of 3,550 metres and, based on open-hole logs, encountered 189 metres of potential net hydrocarbon pay over several separate intervals. Now that we are close to finalizing a gas commercialization solution, we plan to test the resource potential on this block which, if successful, can underpin a much larger scale gas development in the area.

Financial and Operating Highlights – Q3 2017

- Our average daily production increased to 28 bopd, a 27% increase from the second quarter of 2017. Despite reduced workover activities in the quarter, our production was impacted by downtime for routine maintenance at the Bom Lugar producing well and natural declines at our Mãe-da-lua field.
- During the quarter, we drilled the 177(A1) well on Block 177, reaching a total measured depth of 1,100 metres, and did not discover commercial quantities of hydrocarbons. Capital expenditures in the quarter included \$1.1 million for drilling this well and capitalized G&A of \$0.3 million.
- We reported a net loss of \$3.3 million, primarily due to a \$2.4 million impairment booked on Block 177 as well as negative funds flow from operations of \$1.0 million. The \$2.4 million impairment booked on Block 177 included all costs incurred to date on the block, including drilling costs associated with the 177(A1) well, capitalized G&A, and past costs on the block such as bid round bonuses, retention fees, and costs associated with letters of credit and performance guarantees.
- Our cash, restricted cash and working capital resources total \$10.0 million, including \$11.4 million of cash and cash equivalents.

Summary of Q3 2017 Financial and Operating Results

The following table provides a summary of Alvo Petro's financial and operating results for the three and nine months ended September 30, 2017 and September 30, 2016. The consolidated financial statements with the Management's Discussion and Analysis ("MD&A") are available on our website at www.alvopetro.com and will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

SUMMARY OF Q3 2017 RESULTS

	Three months ended		Nine months ended	
	September 30, 2017	2016	September 30, 2017	2016
Financial				
(\$000s, except where noted)				
Oil sales	120	74	377	353
Net loss	(3,331)	(5,692)	(5,038)	(12,207)
Per share – basic and diluted (\$) ⁽¹⁾	(0.04)	(0.07)	(0.06)	(0.14)
Funds flow from operations ⁽²⁾	(959)	(1,155)	(2,479)	(3,689)
Per share – basic and diluted (\$) ⁽¹⁾	(0.01)	(0.01)	(0.03)	(0.04)
Capital expenditures ⁽³⁾	1,663	3,785	4,998	7,686
Total assets	73,440	80,765	73,440	80,765
Debt	-	-	-	-
Net working capital surplus ^{(2) (4)}	9,999	18,376	9,999	18,376
Common shares outstanding, end of period (000s)				
Basic	85,167	85,167	85,167	85,167
Diluted ⁽¹⁾	91,806	91,373	91,806	91,373
Operations				
Operating netback (\$/bbl) ⁽²⁾				
Brent benchmark price	52.18	46.98	52.59	42.48
Discount	(5.27)	(8.38)	(5.39)	(8.84)
Sales price	46.91	38.60	47.20	33.64
Transportation expenses	(2.35)	(2.09)	(2.38)	(2.10)
Realized sales price	44.56	36.51	44.82	31.54
Royalties and production taxes	(4.69)	(4.17)	(5.13)	(3.53)
Production expenses	(72.71)	(137.72)	(81.50)	(93.66)
Operating netback	(32.84)	(105.38)	(41.81)	(65.65)
Average daily crude oil production (bopd)	28	21	29	38

Notes:

- (1) Consists of outstanding common shares and stock options of the Company.
- (2) Non-GAAP measure. See "Non-GAAP Measures" section within this news release.
- (3) Includes non-cash capital expenditures of \$0.1 and \$0.4 million, respectively, in the three and nine months ended September 30, 2017 (September 30, 2016 - \$nil).
- (4) Includes current restricted cash of \$0.1 million (September 30, 2016 - \$0.1 million) and assets held for sale of \$0.2 million (September 30, 2016 - \$nil).

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 be the premier independent exploration and production company in Brazil, maximizing shareholder value by applying innovation to underexploited opportunities. Our strategy is to focus on three core opportunities including lower risk development drilling on our mature fields, shallow conventional exploration, and the development of the significant hydrocarbon potential present in our deep Gomo tight-gas resource play. Our efforts in the near-term are concentrated on building a natural gas business by finalizing a mandatory unitization process and securing a gas sales contract for our Caburé natural gas field.

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 anticipated outcomes of regulatory determinations, future results from operations, projected financial results and financing requirements, future capital and operating costs, future production rates, proposed exploration and development activities, sources and availability of capital, and capital spending levels. The forward-looking statements are based on certain key expectations and assumptions made by Alvo Petro, including but not limited to regulatory requirements including the completion of the unitization of certain fields, securing gas sales agreements, the timing of regulatory licenses and approvals, 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 Alvo Petro 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 Alvo Petro 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 Alvo Petro 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 Alvo Petro 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.

Non-GAAP Measures. This news release contains financial terms that are not considered measures under International Financial Reporting Standards ("IFRS"), such as funds flow from operations, funds flow per share, net working capital surplus and operating netback. These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Specifically, funds flow from operations and funds flow per share reflect cash flows from operating activities excluding changes in non-cash working capital. Management considers funds flow from operations and funds flow per share important as they help evaluate performance and demonstrate the Company's ability to generate sufficient cash to fund future growth opportunities. Net working capital surplus includes current assets (including current restricted cash and assets held for sale) less current liabilities (excluding the current portion of decommissioning obligations) and is used to evaluate the Company's financial resources. Operating netback is determined by dividing oil sales less royalties and production taxes, transportation and production expenses by sales volume of produced oil. Management considers operating netback important as it is a measure of profitability per barrel sold and reflects the economic quality of production. Funds flow from operations, funds flow per share, net working capital surplus and operating netbacks may not be comparable to those reported by other companies nor should they be viewed as an alternative to other measures of financial performance calculated in accordance with IFRS.

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