



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
ALVOPETRO ENERGY LTD.
AND
MANAGEMENT INFORMATION CIRCULAR**

Meeting to be held on Tuesday June 25, 2019 at 9:30 a.m.
at the Eighth Avenue Place Conference Centre
Suite 410-B (Fourth Floor), Eighth Avenue Place (East Tower)
525 – 8th Avenue S.W.
Calgary, Alberta, Canada

May 3, 2019

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

An annual general meeting (“Meeting”) of the holders (“Shareholders”) of common shares (“Shares”) of Alvopetro Energy Ltd. (“Alvopetro” or the “Corporation”) will be held on Tuesday, June 25, 2019 at 9:30 a.m. (Calgary time) at the Eighth Avenue Place Conference Centre (East Tower – Eighth Avenue Place), Suite 410-B (4th Floor), 525 - 8th Avenue S.W., Calgary, Alberta:

- (1) receive and consider the Corporation’s financial statements for the year ended December 31, 2018, 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; and
- (5) 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 Information Circular accompanying this notice.

If you are unable to attend the Meeting in person, 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 less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

Only Shareholders of record at the close of business on May 6, 2019 (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 May 3, 2019.

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 Alvo Petro Energy Ltd. (“Alvo Petro” or the “Corporation”) for use at the annual general meeting (“Meeting”) of the holders (“Shareholders”) of common shares (“Shares”) of the Corporation to be held on Tuesday June 25, 2019 at 9:30 a.m. (Calgary time) at the Eighth Avenue Place Conference Centre (East Tower – Eighth Avenue Place), Suite 410-B (4th Floor), 525 - 8th Avenue S.W., Calgary, Alberta, and at any adjournment thereof.

References herein to “we”, “our”, “Alvo Petro”, the “Company” or the “Corporation” refer to Alvo Petro Energy Ltd.

This solicitation is made on behalf of our management. 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 our directors, officers and employees who will not be remunerated therefor.

Record Date

Only registered Shareholders of record at the close of business on May 6, 2019 (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.

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

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

Voting in Person

Registered Shareholders may attend the Meeting and vote their Shares in person. If you plan to attend the Meeting and wish to vote your Shares in person, do not complete or return the enclosed proxy. Your vote will be taken and counted at the Meeting. Please register with our transfer agent, TSX Trust, when you arrive at the Meeting.

Voting by Proxy

Whether or not you attend the 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 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 9:30 a.m. (Calgary time) on June 21, 2019 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 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 the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Notice-and-Access

The Company has elected to use the “notice-and-access” provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* (the “**Notice-and-Access Provisions**”) for the Meeting in respect of mailings to its Beneficial Shareholders (as defined below) and its registered holders of Common Shares (“Registered Shareholders”). The Notice-and-Access Provisions are rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular in respect of a meeting of its shareholders and related materials.

Shareholders with questions about notice-and-access can call TSX Trust Company toll free at 1-866-600-5869.

In order to receive a paper copy of this Information Circular and other relevant information, requests by Shareholders may be made up to one year from the date the Information Circular was filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) by: (i) mailing a request to the Company at Suite 1700, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Chief Financial Officer; (ii) calling TSX Trust toll free at 1-866-600-5869 (1-416-342-1091 outside of North America); or (iii) by emailing a request to TMXEInvestorServices@tmx.com. The Meeting materials are also available online at the following websites: www.sedar.com or <https://docs.tsxtrust.com/2069>. Requests should be received by June 14, 2019 in order to receive the Meeting materials in advance of such date and the Meeting date.

Beneficial Shareholder Voting

You are a “Beneficial Shareholder” if your Shares are held in the name of a nominee, that is, your Shares are represented by an account statement by your bank, trust company, securities broker, trustee or other nominee, while the original certificate is lodged with CDS & Co., the nominee of CDS Clearing and Depository Services Inc.

Only proxies deposited by Shareholders whose names appear on our records as the registered holders of Shares can be recognized and acted upon at the Meeting. If you are a Beneficial Shareholder, Shares held by your broker or other nominee must be voted by them and can only be voted upon your instructions. Without specific instructions, your broker or nominee is prohibited from voting your Shares.

Applicable regulatory policy requires brokers and other nominees to seek voting instructions from beneficial owners in advance of shareholders’ meetings. If you are a Beneficial Shareholder, your broker or other nominee will have included a voting instruction form with this Information Circular or other instructions or procedures detailing how to ensure your Shares are voted at the Meeting (“Voting Instruction Form”). A Beneficial Shareholder receiving a Voting Instruction Form cannot use it to vote Shares directly at the Meeting and instead must return it to the broker or nominee well in advance of the Meeting in order to have the Shares voted. **All Voting Instruction Forms are not the same and you should carefully follow the instructions in the Voting Instruction Form and comply with the deadlines set out in it if you want your Shares voted at the Meeting.**

Exercise of Discretion by Proxy

The Shares represented by proxy in favour of management nominees will be voted on any matter voted on at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Shares will be voted on any matter in accordance with the specification so made. If you do not provide instructions your Shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Information Circular, we know of no such amendment, variation or other matter.

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 May 3, 2019.

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 Company 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 May 3, 2019, there were 96,593,492 Shares and no preferred shares issued and outstanding. Holders of Shares 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 of AlvoPetro, representing 11.47% of the Shares outstanding.

BUSINESS OF THE MEETING

Election of Directors

The Articles of the Company require the Company 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 of directors of the Company (the “Board”). The Board has resolved that the number of directors be set at six (6). Accordingly, it is proposed that six 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 Company. 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 his or her 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 Deloitte LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration for the ensuing year. Deloitte LLP was first appointed by Alvopetro Energy Ltd. on September 29, 2013.

The audit fees paid to Deloitte LLP for the year ended December 31, 2018, are set forth on page 39 of our Annual Information Form dated March 21, 2019 for the year ended December 31, 2018, which can be found on our website at www.alvopetro.com or on SEDAR at www.sedar.com.

Unless otherwise directed, the persons designated in the enclosed form of proxy intend to vote at the Meeting FOR the reappointment of Deloitte LLP as the Company’s auditors and authorizing the Board to fix the auditors’ remuneration.

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, Alvopetro 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. As of the date hereof, 7,180,750 Shares are reserved for issuance pursuant to Options granted, representing 7.4% of the Shares outstanding.

Pursuant to the policies of the TSXV, such “rolling” 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 Company’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 B.

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 of the Corporation as follows:

1. the Corporation’s Stock Option Plan (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 stock 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.**

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 voting 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.

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	1,850,152	September 25, 2013	Mr. Ruttan is the President, Chief Executive Officer and Director of Alvo Petro and was the President and Chief Executive Officer of Petrominerales Ltd. (energy company) from May 2010 to November 2013.
Firoz Talakshi ⁽¹⁾ Alberta, Canada Director	26,500	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	46,004	November 19, 2013	Independent geologist. From 2012 to 2014, Principal Advisor at Gaffney, Cline & Associates, United Kingdom.
John D. Wright ⁽²⁾⁽³⁾ Alberta, Canada Chairman of the Board	4,226,291	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	214,581	November 19, 2013	Partner at Citrus Capital Partners Ltd. (advisory and consulting firm) since January 2014. Vice President Legal and General Counsel of Critical Mass Inc. (website design company) from March 2000 to December 2014.
Roderick L. Fraser ⁽¹⁾⁽³⁾ New York, USA	61,000	December 16, 2013	From October 2017 to present, non-executive Chairman of Dommo Energia 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). From November 2011 to August 2014, independent consultant acting as strategic advisor for large financial institutions.

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

Except as disclosed below, 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.

Mr. John D. Wright was a director of Canadian Energy Exploration Inc. (“CEE”) (formerly TALON International Energy, Ltd.), a reporting issuer listed on the TSX Venture Exchange, until September 15, 2011. A cease trade order (the “ASC Order”) was issued on May 7, 2008 against CEE by the ASC for the delayed filing of CEE’s audited annual financial statements and management’s discussion and analysis for the year ended December 31, 2007 (“Annual Filings”). The Annual Filings were filed by CEE on SEDAR on May 8, 2008. As a result of the Order, the TSX Venture Exchange suspended trading in CEE’s shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission (“BCSC”) issued a cease trade order (the “BCSC Order”) against CEE for the failure of CEE to file its audited annual financial statements and management’s discussion and analysis for the year ended December 31, 2008 and its unaudited interim financial statements and management’s discussion and analysis for the three months ended March 31, 2009. CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC have issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

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 Mr. Corey C. Ruttan and Mr. 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 the new company. 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, a position he held to June 2017.

Penalties and Sanctions

Except as 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 regulators. 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 Alvo Petro’s compensation program for its named executive officers for the year ended December 31, 2018, which consisted of Corey C. Ruttan, President and Chief Executive Officer and, Alison Howard, Chief Financial Officer.

Compensation Committee and Compensation Governance

The members of the Compensation Committee of the Board 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 of Alvo Petro. 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 of the 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 includes 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 Committee, as Mr. McKinnon is currently the Chairman of the Compensation Committee of Touchstone Exploration Inc. and The Supreme Cannabis Company, Inc. He has been Chairman of the Compensation Committees of Lightstream Resources Ltd. and Alberta Innovates – Technology Futures and Vice-Chair of the Governance and Human Resources Committee of the Board of Governors, University of Calgary.”

The Compensation Committee of the Board of Directors met twice in 2018.

Executive Compensation

The Named Executive compensation program is administered by the Compensation Committee. The President and Chief Executive Officer of Alvo Petro 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 Alvo Petro, relative performance of Alvo Petro 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 may consider compensation surveys completed by independent third parties when making certain decisions with respect to Named Executive compensation. 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.

2018 Compensation

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 2018 base annual salaries for the Named Executives of \$250,000 for the President and Chief Executive Officer and \$193,800 for the Chief Financial Officer.

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 2018, the Peer Comparison Group consisted of Crown Point Energy Inc., Touchstone Exploration Inc., CGX Energy Inc., Bengal Energy Ltd., Canadian Overseas Petroleum Limited, SDX Energy Inc., Valeura Energy Inc., Madalena Energy Inc., Condor Petroleum Inc. and Falcon Oil & Gas Ltd.

Relative to the Peer Comparison Group, the base salaries of the Named Executives of the Corporation are below average. The Named Executives recognize this is in light of the Company's size of operations, stage of growth, and the commitment of the Named Executives to AlvoPetro's growth and future success to maximize alignment with the Corporation's shareholders.

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. For 2018, the Compensation Committee determined that it was appropriate to continue to focus on long-term incentives for the Named Executives to align the interests of the Named Executives with the interests of the Corporation's shareholders. Accordingly, for 2018, neither the President and Chief Executive Officer nor the Chief Financial Officer received an increase to their respective base salaries and no cash bonuses were paid to the Named Executives for the 2018 performance year. The Corporation uses the Option Plan as a part of its long-term compensation strategy for the Named Executives. Options are intended to align executive and shareholder interests by creating a direct link between compensation and share performance. During 2017 no options were granted to the President and Chief Executive Officer or to the Chief Financial Officer as the Company and the Compensation Committee determined that stock option grants would be deferred, pending successful finalization of the Caburé unitization agreement and the related gas sales agreement. As these milestones were met in 2018, the 2017 grant, which had been deferred from 2017, was granted on May 23, 2018, while the annual rolling grant from 2018 was granted on November 23, 2018. All Options granted were approved by the Compensation Committee based on its subjective assessment of the appropriate base level of Option holdings by the Named Executives after considering the Corporation's development to-date and the current capital base of the Corporation.

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 each of our Named Executives a company paid parking stall or allowance with an estimated aggregate value for both Named Executives of \$7,200 in 2018. The Company shares the cost of an additional insurance program with the President and Chief Executive Officer for him, of which the cost to the Company is disclosed under the heading "Named Executive Compensation - Summary Executive Compensation Table" under the column titled "All Other Compensation".

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).

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, 2018.

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Option-Based Awards ⁽²⁾ (\$)	All other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
COREY C. RUTTAN President and Chief Executive Officer	2018	250,000	105,624	20,973	376,597
	2017	250,000	-	21,693	271,693
	2016	244,872	33,733	23,017	301,622
ALISON HOWARD Chief Financial Officer	2018	193,800	66,147	17,329	277,276
	2017	193,800	-	17,458	211,258
	2016	187,961	22,489	17,020	227,470

Notes:

- (1) Salary, for the purposes of the above Summary Compensation Table, includes all earning 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) 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 "Stock Option Plan".
- (3) 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.

Outstanding Options as at December 31, 2018

The following table sets forth, with respect to each of the Named Executives, details regarding Options outstanding as at December 31, 2018. As at December 31, 2018, there were no other share based awards outstanding to the Named Executives.

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	300,000	0.40	24-Dec-2019	6,000
	100,000	0.45	26-Feb-2020	nil
	300,000	0.28	10-Dec-2020	42,000
	120,000	0.29	1-Feb-2021	15,600
	450,000	0.21	14-Dec-2021	94,500
	375,000	0.32	23-May-2023	37,500
	375,000	0.43	23-Nov-2023	nil
ALISON HOWARD Chief Financial Officer	150,000	0.40	24-Dec-2019	3,000
	87,000	0.45	26-Feb-2020	nil
	150,000	0.28	10-Dec-2020	21,000
	90,000	0.29	1-Feb-2021	11,700
	300,000	0.21	14-Dec-2021	63,000
	250,000	0.32	23-May-2023	25,000
	225,000	0.43	23-Nov-2023	nil

Notes:



- (1) The value of unexercised in-the-money Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Corporation's Shares on the TSXV on December 31, 2018, being \$0.42.

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 2018 had been exercised on the vesting date.

Name	Options Value vested during 2018 ⁽¹⁾ (\$)
COREY C. RUTTAN President and Chief Executive Officer	50,500
ALISON HOWARD Chief Financial Officer	30,833

Notes:

- (1) The value vested during 2018 is calculated based on the number of options which vested in the year multiplied by the difference between the closing share price of the Corporation's Shares on the TSXV on each of the applicable vesting dates and the exercise price of the options on the vesting date.

The Named Executives did not receive any non-equity incentive plan compensation or share based awards.

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

Each of the Named Executives have employment agreements with the Corporation. If the Named Executive's 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 Company 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, 2018. The disclosed values represent payments made pursuant to the terms of the employment agreements.

Name	WITHOUT A CHANGE OF CONTROL		WITH A CHANGE OF CONTROL	
	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	529,662	nil	575,662
Alison Howard	nil	207,564	nil	238,231

Notes:

- (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, in the event of a change in control of the Company, all unvested Stock Options shall vest and be exercisable at such time as is determined by the Board of Directors. The above amounts include an additional \$46,000 for Mr. Corey C. Ruttan and \$30,667 for Ms. Alison Howard, being the value of outstanding unvested Stock Options based on the difference between the exercise price for each applicable grant and the closing price of the Corporation's Shares on the TSXV on December 31, 2018, being \$0.42

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 our Directors. The main objectives of our compensation program for our Directors is to attract and retain the services of the most qualified Directors, compensate our Directors in a manner that is commensurate with the risks and responsibilities assumed in Board membership and is competitive with our peers and align the interests of our Directors with Shareholders. Corey C. Ruttan, the President and Chief Executive Officer of AlvoPetro, 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.

The Compensation Committee and the Board recognize that the fees earned by the Company's directors are below average relative to the Peer Comparison Group but have determined that this is appropriate based of the Company's size of operations, stage of growth, and the commitment to maximize alignment with the Company's shareholders.

Directors' Compensation Table

The table below sets out the compensation provided to non-management directors in 2018. The fair value of the Options 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 under the heading "Stock Option Plan".

Name	Cash Fees Earned (\$)	Option-Based Awards (\$)	Total (\$)
Firoz Talakshi	10,000	14,083	24,083
Geir Ytreland	10,000	14,083	24,083
John D. Wright	10,000	16,900	26,900
Kenneth R. McKinnon	10,000	14,083	24,083
Roderick L. Fraser	10,000	14,083	24,083

Notes:

- (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 "Stock Option Plan".

Outstanding Options as at December 31, 2018

The following table sets forth, with respect to each of the directors, details regarding Options outstanding as at December 31, 2018.

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	0.40	24-Dec-2019	900
	45,000	0.28	10-Dec-2020	6,300
	45,000	0.21	14-Dec-2021	9,450
	50,000	0.32	23-May-2023	5,000
	50,000	0.43	23-Nov-2023	nil
Geir Ytreland	42,500	0.40	24-Dec-2019	850
	42,500	0.28	10-Dec-2020	5,950
	42,500	0.21	14-Dec-2021	8,925
	50,000	0.32	23-May-2023	5,000
	50,000	0.43	23-Nov-2023	nil
John D. Wright	55,000	0.40	24-Dec-2019	1,100
	55,000	0.28	10-Dec-2020	7,700
	55,000	0.21	14-Dec-2021	11,550
	60,000	0.32	23-May-2023	6,000
	60,000	0.43	23-Nov-2023	Nil
Kenneth R. McKinnon	46,250	0.40	24-Dec-2019	925
	46,250	0.28	10-Dec-2020	6,475
	46,250	0.21	14-Dec-2021	9,713
	50,000	0.32	23-May-2023	5,000
	50,000	0.43	23-Nov-2023	nil
Roderick L. Fraser	43,750	0.40	24-Dec-2019	875
	43,750	0.28	10-Dec-2020	6,125
	43,750	0.21	14-Dec-2021	9,188
	50,000	0.32	23-May-2023	5,000
	50,000	0.43	23-Nov-2023	nil

Notes:

(1) The value of unexercised in-the-money Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Corporation's Shares on the TSXV on December 31, 2018, being \$0.42.

Incentive Plan Awards – Value Vested or Earned During the 2018 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 2018 had been exercised on the vesting date.

Name	Options Value vested during 2018 ⁽¹⁾ (\$)
Firoz Talakshi	7,367
Geir Ytreland	7,050
John D. Wright	8,967
Kenneth R. McKinnon	7,525
Roderick L. Fraser	7,208

Notes:

- (1) The value vested during 2018 is calculated based on the number of options which vested in the year multiplied by the difference between the closing share price of the Corporation's Shares on the TSXV on each of the applicable vesting dates and the exercise price of the options on the vesting date.

The Directors did not receive any non-equity incentive plan compensation or share based awards.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to the Option Plan, as at December 31, 2018. The Corporation has in place an Incentive Share Plan (see "Equity Compensation Plans"), however, no incentive shares ("Incentives") have yet been granted or issued pursuant to the Incentive Share Plan.

Number of securities to be issued upon exercise of Options	Weighted average exercise price of outstanding Options	Number of securities remaining available for future issuance under Option Plan
7,180,750	\$0.34	2,486,337

The number of stock options outstanding represents 7.4% of the Company's Shares outstanding as of December 31, 2018.

EQUITY COMPENSATION PLANS

STOCK OPTION PLAN

General

The purpose of the Option Plan is to provide the directors, officers, employees and consultants of Alvo Petro (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 Alvo Petro, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of Alvo Petro 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 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 Alvo Petro.

Option Grants and Exercise Price

Under the Option Plan, the Board may, from time to time, grant options ("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 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 Alvo Petro 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 exchange polices) 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 exchange polices) 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 exchange polices) 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, but must not be later than ten years from the date of grant. Typically, Options granted expire after five years. In the event that any Option expires during, or within two business days after, a self-imposed blackout period on trading securities of Alvo Petro, such expiry date will be deemed to be extended to the tenth 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 Alvo Petro for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of Alvo Petro or the termination by Alvo Petro of the employment of the Participant or the termination by Alvo Petro 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 day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by Alvo Petro; or (iii) the date the notice of termination of the consulting agreement is given by Alvo Petro 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 Alvo Petro 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 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 Alvo Petro, 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 Alvo Petro together with payment in full of the exercise price for the Shares which are the subject of the exercise. Alvo Petro will not provide Participants with financial assistance for the exercise of Options.

A Participant may offer to dispose of vested Options to Alvo Petro for cash in an amount not to exceed the fair market value thereof as determined by the Board and Alvo Petro has the right, but not the obligation to accept the Participant's offer. In 2018, the Board approved amendments to fix a typographical error that stated "Toronto Stock Exchange" rather than "Exchange" as defined in the Option Plan.

A Participant may elect a net share exercise of Options, pursuant to which Alvopetro 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. In 2018, the Board approved amendments clarifying that Alvopetro has the right, but not the obligation to accept the Participant's offer.

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

If a Participant elects to exercise an Option following the merger or consolidation of Alvopetro 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, Alvopetro with incentive compensation in the form of Shares of Alvopetro issuable after defined vesting periods. This provides an increased incentive for the participants to contribute to the future success of Alvopetro, enhancing the value of the Shares for the benefit of all shareholders and increasing the ability of Alvopetro to attract and retain individuals of exceptional skill. As of the date hereof, there have been no Incentives granted pursuant to the Incentive Share Plan.

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 2% 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 of Alvopetro at any such time. Incentives under the Incentive Share Plan consist of Restricted Share Units (“RSU’s”), Deferred Share Units (“DSU’s”), and Performance Share Units (“PSU’s”), 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 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 Plan within any one year period to Insiders, may not exceed 2% of the outstanding Shares (on a non-diluted basis).

Description of RSU’s, PSU’s and DSU’s issuable under the Incentive Share Plan

RSU’s 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.

PSU’s 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.

DSU’s are the only type of incentive issuable under the Incentive Share Plan that may be issued to non-employee directors of Alvopetro. 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 Alvopetro 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

Alvopetro 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 Alvopetro does 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 AlvoPetro, 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. We expect 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 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 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 our corporate strategy. Discussions also occur at our 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 2018, the Board held four (4) meetings, at which all directors were present for three (3) meetings and all but one director were present for one meeting. In 2018, the Audit Committee of the Board of Directors held four (4) meetings, at which all committee members were present. In 2018, the Reserves Committee of the Board of Directors held two (2) meetings, at which all committee members were present and the Compensation Committee of the Board of Directors held two (2) meetings, at which all committee members were present.

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., Supreme Cannabis Company, Inc.
Corey C. Ruttan	----
Firoz Talakshi	----
John D. Wright	Touchstone Exploration Inc.
Roderick L. Fraser	Dommo Energia S.A.

Committees of the Board

The Board has three (3) committees: the Audit Committee, the Reserves Committee and the Compensation Committee. 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 has in place a written Vision and Values statement, which outlines the Corporation's commitment to safety, shareholder value, its employees, the environment and integrity. Management of the Corporation and the Board are of the view that the Vision and Values statement encourages and promotes a culture of ethical business conduct within the Corporation.

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. Our Disclosure Policy is administered by senior officers who are responsible for reviewing material public disclosures.

Alvopetro 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 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 Company's Code of Business Conduct, Standards and Policies is available on the Company's website at www.alvopetro.com.

Management prepares informational memos that are distributed to all staff members on topics that are relevant to Alvopetro 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.

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, 2018, 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 Corporation’s Annual Information Form (“AIF”) dated March 21, 2019, which information is hereby incorporated by reference. The AIF 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 MD&A 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 Alvo Petro Energy Ltd., Suite 1700, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1, 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 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" - 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 Alvo Petro 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.